



**YATIRIM  
FINANSMAN  
SECURITIES**

2012 Annual Report

# AGENDA

## Yatırım Finansman Menkul Değerler A.Ş. 2012 Ordinary Shareholders General Meeting

March 25th, 2013 Time: 10:00 am

Head Office

Nispetiye Caddesi, Akmerkez E-3 Blok, Kat: 4 34337  
Etiler/Istanbul

### Agenda

1. Opening and Executive Board election,
2. Authorization of the Executive Board to sign the Minutes of the General Shareholders Meeting,
3. Reading and discussion of the 2012 Annual Report prepared by the Board of Directors,
4. Reading and discussion of the reports of the Board of Auditors and the Independent Auditors,
5. Reading, discussion and approval of the Company's 2012 Financial Statements,
6. Release of each Member of the Board of the Directors and the Auditors of their liabilities with regard to the Company's activities in 2012,
7. Making decision on how to direct the 2012 Trading Profit, and the amount of distributable profit and the earnings ratio,
8. Setting the fees to be paid to the Members of the Board of Directors,
9. Submitting the assignment of new members of the Board of Directors during the operating year for the attention of the General Meeting,
10. Submitting information on the replacement of the Auditor during the operating year,
11. Election of the Members of the Board of Directors and determination of their terms of office,
12. Making decision on the Independent Audit Agency,
13. Approval of the "Internal Directive on the Working Principles and Methods of the General Board", which was prepared as per Article 419 of the Turkish Trade Code no. 6102,
14. Submitting information on the amounts of donations and aid provided during the operating year,
15. Determination of the maximum donation limit for 2013.

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## CORPORATE PROFILE

### Yatırım Finansman: Deeply rooted traditions, a strong vision, decisive steps...

Yatırım Finansman is Turkey's first capital market institution.

Yatırım Finansman was established in 1976 with the participation of 13 major banks led by Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası (TSKB), which is a subsidiary of Türkiye İş Bankası - the founder of the banking sector during the Republic period.

Yatırım Finansman started operations before the enactment of the Capital Markets Law in Turkey and the establishment of the ISE. Through its pioneering and exemplary efforts in the business line that it operates in, Yatırım Finansman has contributed greatly to the establishment and development of the modern capital markets in Turkey, sharing with its customers the privilege of being the first capital market institution in all of its activities. Yatırım Finansman set forth its "pioneer" mission by mediating Turkey's first private sector bond issuance and playing an active role in developments such as the introduction of public bonds as popular investment instruments.

Yatırım Finansman maintains its identity as a selective service provider, thanks to its deeply rooted corporate traditions and experience, the business model that it has shaped with its knowledge and vision, its high standards, its technology-integrated service platforms and its wide client network.

Its strong shareholding structure, as well as the prestigious position of Türkiye İş Bankası Group - which it is a member of - in national and international platforms support the Company's trustworthiness and expertise, while strengthening its position in the market.

Holding all capital markets authorization certificates, Yatırım Finansman, as a capital market institution, offers rapid and reliable services at global standards to a wide mass of Turkish and foreign individual and corporate customers.

Directing its activities with the determination to be a pioneering and model institution, in 2012 Yatırım Finansman implemented a transformation project focused on maintaining the Company's approach to service, which is one based on ethical values and objective information, which strengthens the Company's competitive edge and which carries the Company's target that extra mile to maximize the satisfaction of its customers, employees and shareholders, while maintaining its environmental awareness.

One of the most apparent reflections of Yatırım Finansman's transformation efforts in 2012 was in its logo and corporate identity, which were changed at the end of the year. Yatırım Finansman also launched efforts to renew its head office and branches in line with its new corporate identity, and continued to serve its customers under a simpler and sincere image.

*The transformation project in 2012 marks an important milestone in Yatırım Finansman's history.*

## SERVICES & SERVICE CHANNELS

### SERVICES

#### Individual Services

- Stock Brokerage
- Derivatives Exchange Transactions (TurkDEX)
- Discretionary Portfolio Management
- Investment Advisory Services
- Mutual Funds
- Securities (Stock) Lending
- Government Bonds and Treasury Bills Transactions
- Foreign Derivatives Transactions
- Foreign Securities Transactions
- Leveraged Transactions
- Derivatives Exchange Transactions (ISE)
- Warrant and Certificate Transactions
- Eurobond Transactions
- Repo and Reverse Repo Transactions
- Lending Market Transactions
- Private Sector Corporate Bonds

#### Institutional Services

- International Sales
- Asset Management
- Initial and Secondary Public Offerings
- Block Sales
- Corporate Bonds and Bills Brokerage
- Due Diligence Reports and Advisory Services
- Emerging Companies Market (ECM) Market Maker
- "Call" Transactions
- Capital Increase through Rights Issues Transactions

### SERVICE CHANNELS

- 13 branches in 9 cities
- Internet Branch at YF.COM.TR
- Transaction Platforms (YFTRADE, YFTRADEFX, YFTRADEINT)
- Mobile Applications (YFTRADE-YFTRADEFX)
- Telephone Branch (444 11 44)

## VISION, MISSION, STRATEGY AND VALUES

### Vision

To be one of Turkey's top 10 capital market institutions.

### Mission

To increase the value that we generate for our customers and shareholders through our trustworthy position and experience, as well as a dynamic working approach which is close to our customers.

### Strategy

To offer faster and efficient services to our customers through our strong team and technical infrastructure as a trendsetting capital market institutions, and not to be a trend follower.

### Values

#### Trust

To respond to expectations in a timely manner by acting in accordance with an honest working approach and business ethics, to develop relationships based on trust and to keep our promises.

#### Respect for People and the Environment

To demonstrate sensitivity and respect for people, their knowledge and efforts, and the environment by raising our corporate and personal social responsibility awareness and through the efficient use of our solutions and resources.

#### Customer Orientation

To enable continuity of customer satisfaction by offering effective, realistic and applicable solutions, fulfilling our responsibilities to our business partnerships and to demonstrate constructive behavior.

#### Openness and Transparency

To be open, transparent, fair and honest in our communication activities and practices.

#### Solution Orientation

To offer rapid and effective service under a professional approach and our belief in teamwork, to approach suggestions and decisions with common sense.

#### Flexibility

To produce and apply solution-oriented suggestions without compromising our professional and corporate values or our employees, and to take the initiative in line with the importance that our management attaches to adopting an unprejudiced approach.

#### Passion

To faithfully strive to reach our targets, to make a difference and to turn employee satisfaction into customer satisfaction through synergies created by all of our employees who are aware of their responsibilities to our resources, solutions and stakeholders.

To be aware of our responsibilities to our resources, solutions and stakeholders.

To faithfully strive to reach our targets

To make a difference

To turn employee satisfaction into customer satisfaction

passion

# OUR VALUES

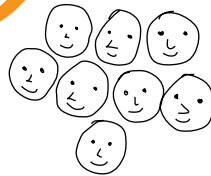
To have a professional approach

solution orientation

To believe in teamwork

To offer rapid and effective service

To approach suggestions and decisions with common sense.



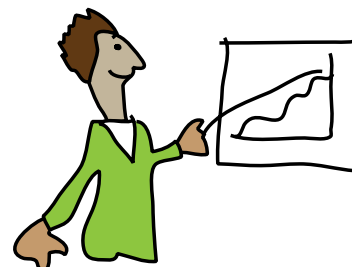
openness and transparency

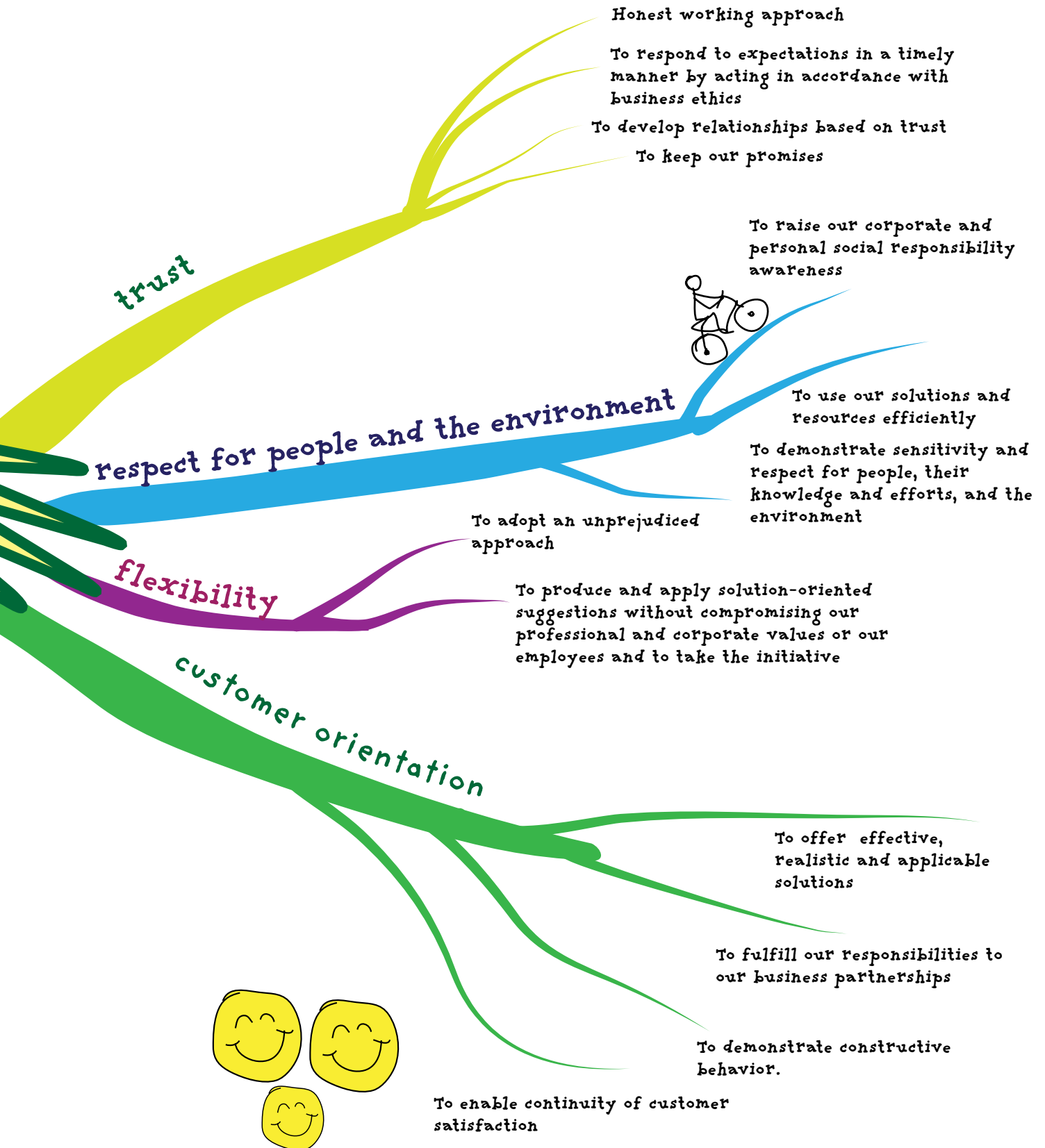
To be open in our communication activities and practices.

To be honest

To be fair

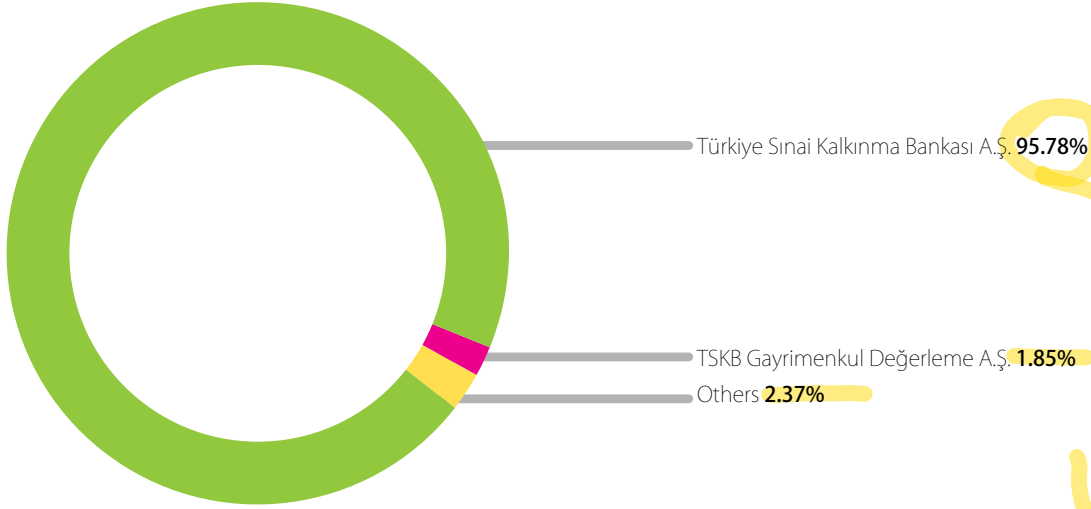
To be transparent





## CAPITAL, SHAREHOLDING STRUCTURE AND AFFILIATES

### Yatırım Finansman Shareholding Structure



Yatırım Finansman is a member of the Türkiye İş Bankası Group through its controlling shareholder Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB).

*Türkiye Sınai Kalkınma Bankası A.Ş. holds 95.78% share in Yatırım Finansman.*

### Yatırım Finansman Shareholding Structure

Shareholder	Share Amount (TL)	Share Ratio (%)
Türkiye Sınai Kalkınma Bankası A.Ş.	58,426,489	95.78
TSKB Gayrimenkul Değerleme A.Ş.	1,130,739	1.85
Others	1,442,772	2.37
Total	61,000,000	100.00



Yatırım Finansman Affiliates		
Company	Capital (TL thousand)	Share (%)
İş Yatırım Ortaklığı A.Ş.	160,599	1.13
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	150,000	1.33
Takasbank A.Ş.	60,000	1.80
İş Portföy Yönetimi A.Ş.	45,000	4.90
TSKB Gayrimenkul Değerleme A.Ş.	300	0.00
Sürdürülebilir Danışmanlık A.Ş.	240	96.00
TSKB Gayrimenkul Aracılık Hizmetleri A.Ş.	240	1.00
TSKB Gayrimenkul Danışmanlık A.Ş.	240	1.00

#### Shareholders' Equity (TL thousand)



#### Paid-in Capital (TL thousand)



#### Total Assets (TL thousand)



#### The first step of Yatırım Finansman's sustainability vision: "Escarus" Sustainable Consultancy

"Escarus" Sustainable Consultancy (Sürdürülebilir Danışmanlık A.Ş.) was established on March 24th, 2011 by Yatırım Finansman, with a controlling interest of 96%.

Combining the know-how, market experience and professional service strength of TSKB and Yatırım Finansman under the same roof, Escarus offers consultancy services by developing sustainability-related solutions with its professional and experienced staff.

The founding purpose of Escarus is to globally integrate accepted environmental and sustainable approaches into the Turkish business world.

Escarus offers its services under four main headings:

- Consultancy-Engineering
- Education
- Certification
- Monitoring/Reporting

In all of the projects that it undertakes, Escarus focuses on offering solutions that best fit its customers' needs in each phase of the project, also taking into account international procedures concerning the identification and management of environmental and social impacts.

Offering its solutions in the energy segment under two headings, Project Services for Renewable Energy and Energy Efficiency, Escarus also undertakes efforts to calculate and neutralize Yatırım Finansman's carbon footprint. Launched in 2011, this initiative aims to render Yatırım Finansman the sector's first carbon-neutral intermediary firm.

Thanks to its corporate project management approach based on global principles, Escarus has taken firm steps towards its target of becoming Turkey's leading reference center in the area of sustainability and a leading consultancy company in its field.

## FINANCIAL HIGHLIGHTS

<b>Summary Balance Sheet (Consolidated) (TL)</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Current Assets	545,223,511	542,580,206
Cash and Cash Equivalents	380,931,703	355,282,140
Financial Investments	17,055,000	10,773,083
Trade Receivables	143,947,154	174,592,756
Other Receivables	169,648	96,732
Current Tax Assets	2,997,498	1,667,577
Other Current Assets	122,508	167,918
Fixed Assets	13,089,801	12,080,154
Financial Investments	10,243,810	9,240,022
Tangible Fixed Assets	1,502,360	903,073
Intangible Fixed Assets	412,225	403,354
Deferred Tax Assets	931,406	1,533,705
<b>Total Assets</b>	<b>558,313,312</b>	<b>554,660,360</b>
Short-Term Liabilities	488,706,502	488,221,842
Long-Term Liabilities	1,436,180	1,376,756
<b>Total Liabilities</b>	<b>490,142,682</b>	<b>489,598,598</b>
Equity Owned by the Parent Company	68,158,547	65,050,742
Shareholders' Equity	12,083	11,020
<b>Total Liabilities and Shareholders' Equity</b>	<b>558,313,312</b>	<b>554,660,360</b>
<b>Summary of Income Statement (TL)</b>		
Operating Revenue	19,561,035	24,136,083
Operating Expenses	-27,610,412	-26,053,312
Other Operating Revenue and Expenses (Net)	1,250,701	764,198
Financial Revenue and Expenses (Net)	10,057,805	8,310,347
Operating Profit Before Taxes	3,259,129	7,157,316
Taxes	-408,186	-1,181,561
Discontinued Operations After-Tax	-	-
<b>Net Profit</b>	<b>2,850,943</b>	<b>5,975,755</b>
<b>Total Profit for the Period Attributable to:</b>		
Non-Controlling Interest	1,063	1,420
Equity Holders of the Parent	2,849,880	5,974,335
<b>Total Comprehensive Income Attributable to:</b>		
Non-Controlling Interest	1,063	1,420
Equity Holders of the Parent	3,107,805	5,070,305

	2012	2011	2010	2009
<b>Stock Market Transactions</b>				
Stock Market Trading Volume (TL million)	1,246,570	1,390,654	1,271,329	965,069
Stock Market Trading Volume* (US\$ million)	699,298	736,224	822,334	648,872
YF Stock Trading Volume (million TL)	23,939	27,521	5,620	17,558
YF Stock Trading Volume* (US\$ million)	13,429	14,569	16,571	11,795
Rank Among All Brokerage Houses	18	19	17	16
Market Share (%)	1.92	1.97	2.02	1.82
Rank Among Non-Bank Brokerage Houses**	6	10	8	6
Market Share (%)**	4.75	4.34	4.9	4.23
<b>Bonds and Bills Market Transactions</b>				
Bonds and Bills Market Trading Volume (TL million)	1,377,151	1,166,215	1,123,261	1,137,018
Bonds and Bills Market Trading Volume* (US\$ million)	772,551	617,404	726,559	764,448
YF Bonds and Bills Trading Volume (TL million)	20,958	18,892	19,867	18,767
YF Bonds and Bills Trading Volume* (US\$ million)	11,756	10,001	12,850	12,617
Rank Among All Brokerage Houses	9	11	12	13
Market Share (%)	1.52	1.62	1.77	1.65
Rank Among Non-Bank Brokerage Houses**	1	2	3	3
Market Share (%)**	20.7	17.30	15.34	16.50
<b>Derivatives Market Data</b>				
Derivatives Market Trading Volume (TL million)	807,865	879,599	863,364	668,346
Derivatives Market Trading Volume* (US\$ million)	453,195	465,667	558,450	449,368
YF Derivatives Trading Volume (TL million)	26,490	30,526	32,405	29,441
YF Derivatives Trading Volume* (US\$ million)	14,860	16,160	20,960	19,794
Rank Among All Brokerage Houses	10	9	10	7
Market Share (%)	3.27	3.47	3.75	4.41
Rank Among Non-Bank Brokerage Houses**	3	5	5	3
<b>Client Portfolio Size</b>				
Client Portfolio Size (Last Day of the Year) (TL million)	1,274	1,099	1,236	1,068
Client Portfolio Size* (US\$ million)	714	582	799	717
Mutual Fund Portfolio Size (Last Day of the Year) (TL million)	182	15	175	202

\*US\$/TL rate as of end-2012: 1.7826

\*\* Commercial intermediary banks are not included.

## 1976-2012: DECISIVE STEPS FROM FOUNDATION TO DEEPLY ROOTED CHANGE

- 1976** Yatırım Finansman was established as the first capital markets institution in Turkey with the participation of 13 major banks led by Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası (TSKB), a subsidiary of Türkiye İş Bankası.
- 1981** Yatırım Finansman became the first brokerage house in Turkey to broker a corporate bond issue. Capital Markets Law enacted.
- 1984** Capital Markets Board established. Capital Markets Board authorized Yatırım Finansman for stock trading and intermediation in public offerings.
- 1985** Trading started on Istanbul Stock Exchange (ISE). Yatırım Finansman became ISE leader with a 42% market share.
- 1987** Yatırım Finansman diversified its service portfolio and started trading commercial papers, bank bonds and bank-guaranteed bonds.
- 1991** ISE awarded Yatırım Finansman for ranking third in the number of stock transactions on the Istanbul Stock Exchange.
- 1992** Capital Markets Board authorized Yatırım Finansman to offer investment consultancy services, portfolio management and repo services.
- 1993** Yatırım Finansman received further re-affirmation of its service quality and reliability by ranking first in corporate bond underwriting.
- 1994** Yatırım Finansman expanded its corporate finance services and launched public offering services. Yatırım Finansman added the Type A Mutual Fund to its product range.
- 1995** Yatırım Finansman added the Type B Mutual Fund to its product range. The Capital Markets Board authorized Yatırım Finansman to conduct securities lending, borrowing and short selling transactions.
- 1997** Yatırım Finansman started to offer services for the establishment and management of special funds and established a special mutual fund that was designed in accordance with customer needs.
- 1998** The Yatırım Finansman Investment Trust was founded under the leadership of Yatırım Finansman.
- 1999** Yatırım Finansman pioneered the creation of alternative distribution channels in the industry and launched internet and telephone branch services. Yatırım Finansman added the Type B Bonds & Bills Fund to its product range.
- 2002** With its ever-expanding investor base, Yatırım Finansman opened its 10th branch.
- 2003** TSKB, the first private investment and development bank in Turkey, acquired a 90.4% stake in Yatırım Finansman.
- 2005** The Capital Markets Board authorized Yatırım Finansman to trade derivatives. Yatırım Finansman offered research and exchange services to foreign institutional investors.
- Established in 2001, the Derivatives Exchange (TurkDEX) was launched. With the launch of TurkDEX, Yatırım Finansman began to offer derivatives transactions to its customers.
- Yatırım Finansman's website was nominated the third best financial website in the Golden Spider Contest.
- Yatırım Finansman renewed its corporate identity and replaced its logo.
- 2006** Yatırım Finansman celebrated its 30th anniversary.
- Yatırım Finansman added the YF Type B Variable Mutual Fund to its product range. Yatırım Finansman's internet branch introduced a web-based VOBAktif application to facilitate easy trading on the Derivatives Exchange.
- Yatırım Finansman acquired TSKB Securities on December 29th, 2006.
- 2007** Yatırım Finansman launched a new service channel at its Head Office, the Special Transactions Center. SMS service was introduced for TurkDEX clients.
- 2008** Yatırım Finansman launched the new VOBAktif system for investors, enabling quick and easy trading of derivatives based on live data.
- 2009** Yatırım Finansman added thematic funds - Turkey's first Type B Clean Energy Fund with 10% Return Guaranteed and Type B 100% Capital Protected Agricultural Products Fund - issued by TSKB to its product range.

**2010** Yatırım Finansman set up Domestic Derivatives Transactions Department.

Liaison Offices in Adana and Antalya were converted to branches, and the Company launched its İzmit branch.

Thematic funds issued by TSKB in 2010 were offered to investors.

Yatırım Finansman participated in the public offering of 12 of the 16 companies that went public in 2010 and acted as a co-leader in four public offering consortia.

**2011** Yatırım Finansman went mobile by introducing a new service channel to its customers: YFTRADE Mobile, notable for its dynamic design and easy to use interface.

Clients were offered the opportunity to trade on foreign futures markets via YFTRADEINT.

Thanks to the cooperation between Türkiye İş Bankası and Yatırım Finansman, clients were able to access their existing accounts, and perform deposit and withdrawal transactions through Türkiye İş Bankası ATMs.

Yatırım Finansman obtained the license for the Emerging Companies Market (ECM).

YF B Type Short-Term Bonds & Bills Fund was introduced to clients as a new fund.

By the year-end, work begun to reset Yatırım Finansman's corporate carbon footprint.

Yatırım Finansman celebrated its 35th anniversary.

### The year 2012 marked a milestone for Yatırım Finansman

For Yatırım Finansman, 2012 marked a threshold as important and exciting as its foundation period.

2012 was a period in which Yatırım Finansman begun to carry its deeply rooted traditions and strong vision into the future with decisive steps.

The year 2012 marked a year of restructuring and transformation that will shape the future of Yatırım Finansman's corporate structure, where the Company entirely reviewed its management functions and business processes in light of its customer-oriented service approach.

Within this framework, the Company undertook a number of changes in its corporate organization in an effort to more effectively serve its customers, establishing the Internal Control, Legal Affairs, Process and Business Development and Sales and Marketing Departments, while reconfiguring the Strategy Unit and Corporate Finance as departments.

In 2012 Yatırım Finansman opened new branches in Çankaya, Ankara and Konya and offered Derivatives and FX products to its customers.

Yatırım Finansman renewed its logo and corporate identity so as to reflect its new management and

service approach, while it began to renew its branches in line with its new identity.

Another exciting project in 2012 was the launch of efforts to measure the Company's carbon footprint.

In 2012 Yatırım Finansman recruited 39 people, raising the total number of personnel on its payroll to 145. At Yatırım Finansman, long-term training provided to sales teams was planned and initiated in 2012, and continued in 2013.

Another development in 2012 was that Yatırım Finansman got involved in the social media and met its followers.

On Facebook:  
[facebook.com/YatirimFinansman](https://www.facebook.com/YatirimFinansman)

On Twitter:  
[twitter.com/\\_yfas\\_](https://twitter.com/_yfas_)

This journey of transformation that carries Yatırım Finansman's basic target forward to properly guide its customers has evolved into a new growth trend under the roadmap set out by the Company, one that is based on the faith in its know-how - the biggest difference with its competitors - as well as a principle of passion which it has never compromised.

## MILESTONES IN THE RESTRUCTURING PROJECT IN 2012...

### ORGANIZATIONAL STRUCTURE

In 2012 Yatırım Finansman established new departments and restructured some of its departments in an effort to develop a more functional and more effective organization structure and build strong internal control processes.

#### Recently Established and Restructured Departments:

- Internal Control Department
- Process and Business Development Department
- Institutional Finance Department
- Sales and Marketing Department
- Legal Affairs Department
- Strategy Department
- Leveraged Trading Transactions Unit
- Inspection Committee Presidency
- Derivatives Department
- HR and Corporate Communication Department

### PROCESSES

The common target of the process development efforts carried out by Yatırım Finansman in 2012 was to maximize the total produced and shared output.

- Preparation of Management Information System (MIS) reports and execution of effective branch/customer/product analyses
- Electronic Workflow Project
- Revision of Loan and Loan Assessment Processes
- Creation of the Premium System
- Effective Performance Management
- Restructuring of Business Processes

### CUSTOMER ORIENTATION

Yatırım Finansman aims to further press ahead in its customer-oriented business approach through active marketing and strong communication.

- 
- Development of Active Marketing Techniques
- Close Dialogue with Customers
- Simplification of Contracts
- Development of an Innovative and Creative Point of View
- Offering of Unique Customer Services within the Scope of CRM Efforts

### **PRODUCTS AND SERVICES**

One of Yatırım Finansman's priorities is to strengthen its product portfolio with innovative products and invest in technology in order to offer faster, more effective and reliable transaction platforms.

- Receipt of the Leveraged Trading Transactions Authorization Certificate
- Launch of Forex Transactions
- Launch of Derivatives Transactions
- Increase in the Effectiveness of Promotions and Campaigns

### **INVESTING IN HUMAN CAPITAL/EDUCATION**

For Yatırım Finansman, investing in human capital is tantamount to investing in the future. In 2012, the Company organized intensive training programs in a bid to strengthen employee loyalty through career management and motivation, increase service quality and customer satisfaction and to raise competent professionals from its organization.

- Effective Performance Evaluation System
- Increase of Sales Performance through Applied Product Training and Sales Coaching Project
- Effective Training on Human Capital Management

### **SUSTAINABILITY/SOCIAL RESPONSIBILITY**

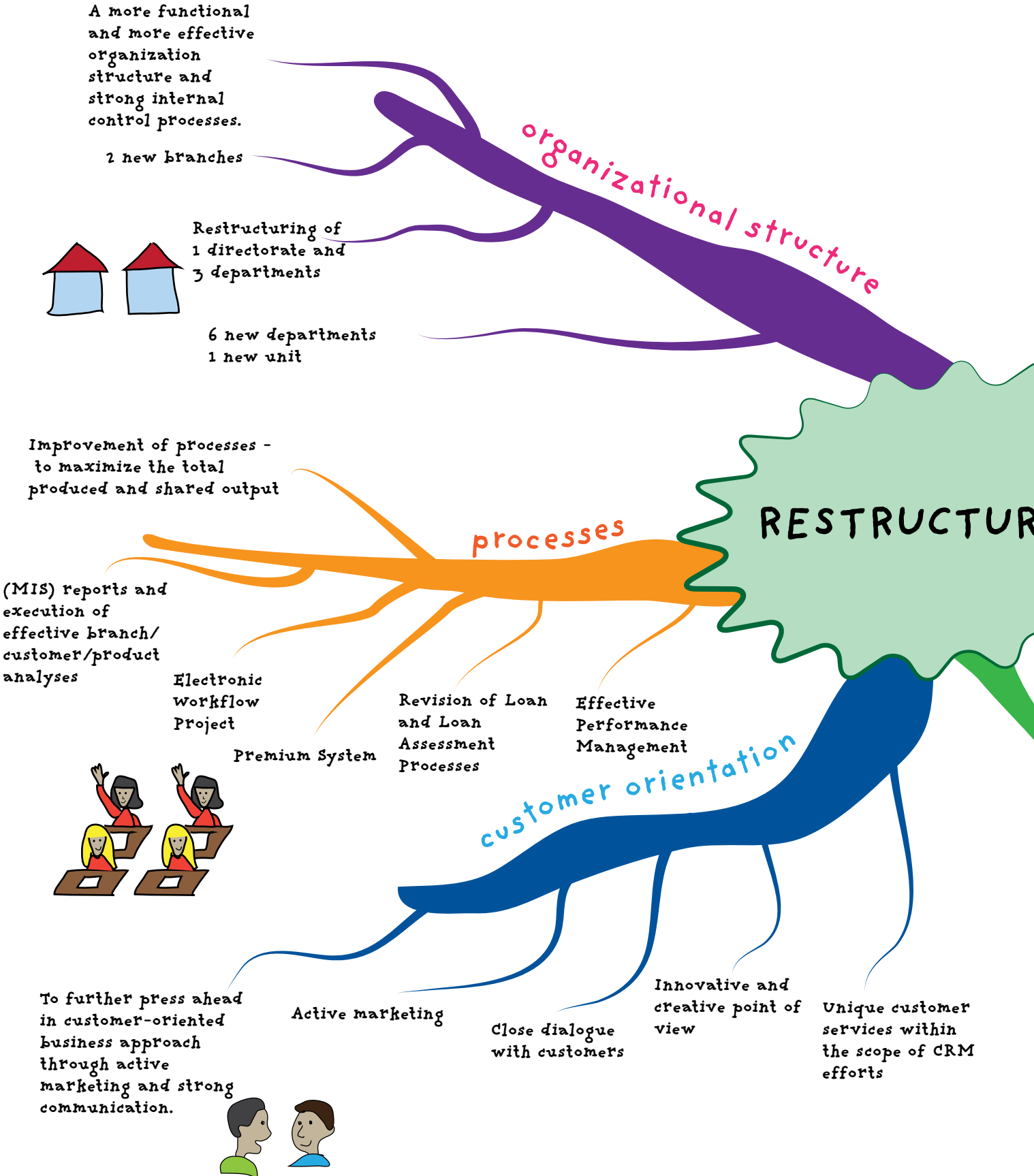
Yatırım Finansman works on such projects that aim to enhance the Company's contributions to the community and the environment, which form its largest stakeholder mass.

- Launch of Efforts within the Scope of the Carbon Footprint Project

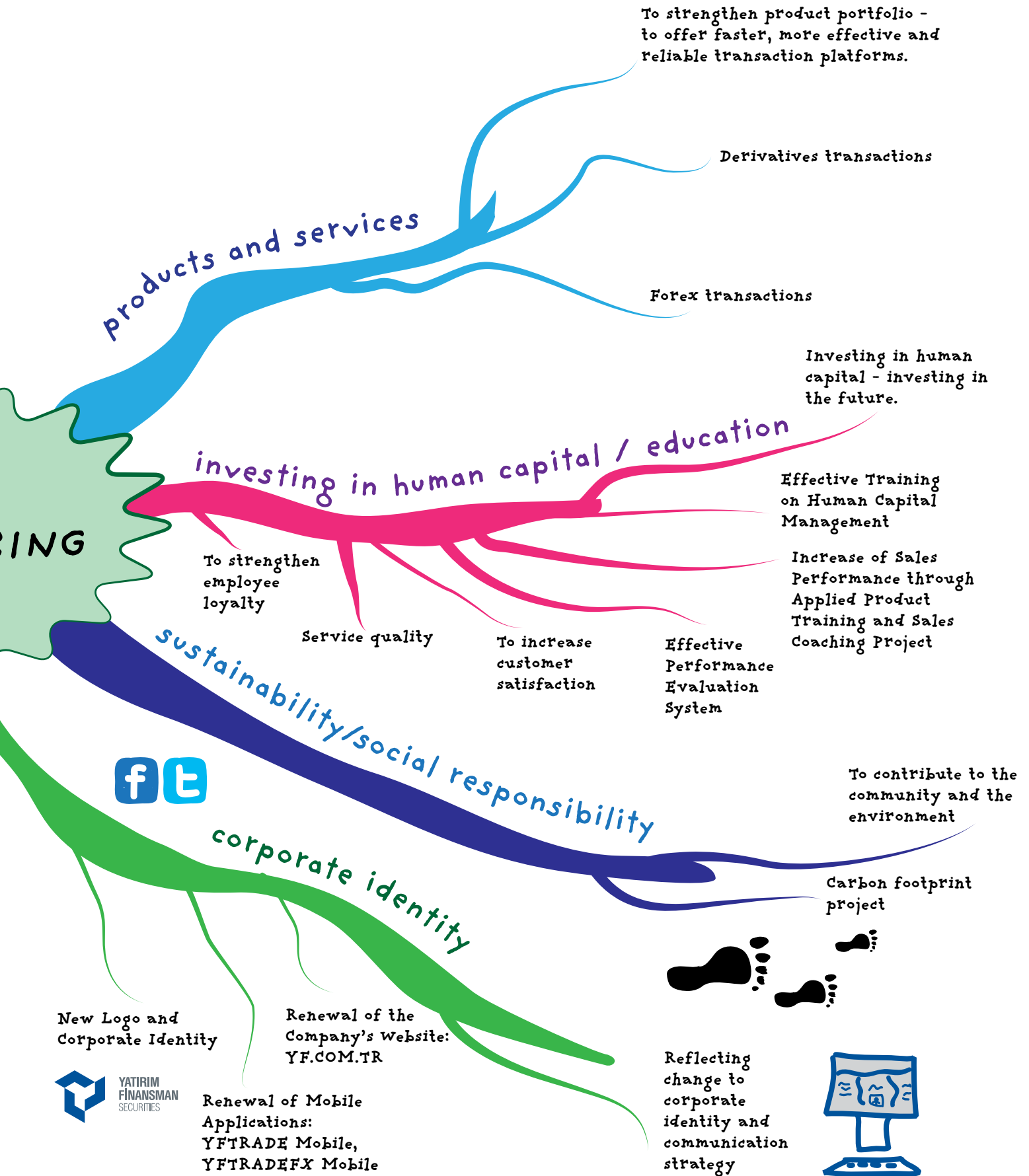
### **CORPORATE IDENTITY**

Yatırım Finansman reflected the deeply rooted change in its organizational structure to its corporate identity and communication strategy.

- New Logo and Corporate Identity: "Yatırım Finansman" instead of "YF Menkul Değerler"
- Renewal of the Company's Website: YF.COM.TR
- Renewal of Mobile Applications: YFTRADE Mobile, YFTRADEFX Mobile
- Transaction Platforms (YFTRADE, YFTRADEFX, YFTRADEINT)
- Getting Involved with Social Media: Sharing of Yatırım Finansman's Analyses and Remarks on Facebook and Twitter







To strengthen product portfolio - to offer faster, more effective and reliable transaction platforms.

Derivatives transactions

Forex transactions

Investing in human capital - investing in the future.

### investing in human capital / education

Effective Training on Human Capital Management

Increase of Sales Performance through Applied Product Training and Sales Coaching Project

To strengthen employee loyalty

Service quality

To increase customer satisfaction

Effective Performance Evaluation System

### sustainability/social responsibility

To contribute to the community and the environment

Carbon footprint project



### corporate identity

New Logo and Corporate Identity

Renewal of the Company's Website: YF.COM.TR

Renewal of Mobile Applications: YFTRADE Mobile, YFTRADEFX Mobile

Reflecting change to corporate identity and communication strategy



## MESSAGE FROM THE CHAIRMAN



### **In 2012, the global economy suffered in an environment of weak growth.**

The IMF's projection of 3.2% growth for the global economy for 2012 was weaker than the 3.9% realized in 2011 and significantly lower than the 5% average rate chalked up in 2007 and in the five year period prior to 2007. Current estimates suggest that developed countries observed 1.3% growth in their economies during 2012, with developing countries mustering up an average of 5.1% growth.

In 2012, developed countries languished with the lowest rates of growth seen since the economic recession in 2009. While authorities in charge of monetary policy in these countries announced new supportive programs, the public finance and debt dynamics in these countries remained squarely on the agenda as the most important problems awaiting a solution. The declining performance of BRIC countries, the leading players among emerging markets, shaved as much as one percentage point off the average annual growth rate of these countries.

According to current estimates, the annual rate of global economic growth fell to 3.2% in 2012.

The Turkish economy continued to grow in 2012, remaining on a strong footing and succeeding in positively decoupling itself from many developing countries, a development confirmed by Fitch when it increased Turkey's credit rating to "investment grade". The basic factor behind this rating increase was the fact that the Turkish economy accomplished a soft-landing and rebalancing.

Looking at past experience, one indication that the Turkish economy breached an important threshold was the fact that the Turkish economy maintained a growth rate of 2.6% in a period which also saw its current account deficit fall to around US\$ 49 billion, corresponding to nearly 6% of Turkey's GDP, in 2012. Furthermore, another point worth stressing is that the rate of inflation - which was at double digit levels in 2011 - ended 2012 at 6.2%, which was within the uncertainty interval of the official projections.

### **Economic expectations for 2013**

Projections suggest that the world economy will grow by 3.5% in 2013, indicating a very limited improvement.

Despite this signal that the support from foreign demand will be limited, we forecast 4.7% growth for the Turkish economy, backed by domestic demand, supported by low interest rates and loose monetary policies.

This projected demand composition could force the Central Bank of Turkey, which is focused on financial stability, to take precautionary macroeconomic measures in 2013. However, despite these measures, with economic growth being driven by domestic demand, the current account deficit is expected to widen to US\$ 63.5 billion by the end of 2013, corresponding to 7% of Turkey's GDP.

On the other hand, with global economic growth still unable to gain momentum, developed countries will have no alternative other than to maintain their loose monetary policies, which will, in turn, lead to an abundance of global liquidity. This could support the financing of Turkey's current account deficit, which is expected to expand during the year. At this point, the Central Bank of Turkey, which has already declared that it would actively tackle any overvaluation of the TL, will have lost an important additional support in its task of bringing down inflation.

On the other hand, due to some tax hikes that entered effect at the beginning of the year, the annual rate of CPI inflation is predicted to rise to 7.1% in 2013.

### **Our market expectations...**

The abundant liquidity conditions, which are expected to continue in Europe, the USA and Japan in 2013, will support risk appetite for emerging market assets, a situation that is expected to benefit Turkey as well. Following its stunning performance in 2012, the ISE still offers the potential to yield positive returns in 2013, as well.

As the national economy has already begun to warm up in the first part of 2013, the CBT is expected to take precautionary macroeconomic measures in an effort to balance the current account deficit and the rapid growth in domestic demand. The pressure brought about by these measures will be felt more keenly in the second half of the year. As a natural result of this, the ISE is expected to demonstrate a stronger performance in the first half of the year.

Possible developments that could threaten this base case scenario would be renewed problems in the Eurozone, any changes in global liquidity conditions and/or a decline in risk appetite for emerging market assets, geopolitical risks - particularly those related to Syria - and the severity of the measures that may be taken by CBT in the event that the Turkish economy demonstrates signs of overheating.

Yatırım Finansman gained prominence in 2012 by accurately guiding its customers with its accurate comments and forecasts. We have full confidence that the Company will demonstrate the same success in 2013, reflecting the importance it attaches to knowledge and research. Having adopted the principle of keeping a close view of the capital markets as Turkey's most deeply rooted capital markets institution, Yatırım Finansman will, in the wake of the restructuring process in 2012, continue to carry out its efforts in 2013 to renew and improve its entire infrastructure.

H. Fevzi Onat  
Chairman of Board of Directors\*

\*Mr. H. Fevzi Onat retired from his duty on 31 January 2013.

## MESSAGE FROM THE GENERAL MANAGER



### **Esteemed shareholders, respected business partners and dear colleagues,**

Thanks to the Turkish economy's strong position as well as its positive decoupling from other economies, and with the support of over US\$ 5 billion in foreign investors' net purchases, the ISE was the second highest performing stock exchange in the world in 2012, offering a return of 52.6% in TL terms and 62% in US\$ terms. In the bond-bill market, foreign investors completed over US\$ 16 billion in net purchases, sending yields on the benchmark bond down from 11.5% to 6.15%, while the currency basket (equal to  $(1 \text{ €} + 1 \text{ US\$}) / 2$ ) fell by 4.6% against the TL and the Turkish Lira gained 5.7% in value against the US\$.

*The ISE was the second best performing stock exchange in the world in 2012.*

### **A year overshadowed by contracting transaction volumes**

Looking at the brokerage house industry, we find that contracting transaction volumes in the markets and a more competitive environment posed a serious threat to the profitability of brokerage houses in 2012. Nevertheless, there was an increase in foreign investors' transaction volumes in 2012. This allowed those brokerage houses, like Yatırım Finansman, which are authorized to serve both domestic and foreign investors, to grow stronger and placed them at an advantage over those brokerage houses that only serve domestic customers.

### **Under the conjuncture summarized above, Yatırım Finansman continued to grow reliably**

Our business approach, that places our customers as our highest priority and adopts an innovative service approach focused on producing the best results at all times, played a key role in ensuring that our Company closed 2012 with results which were more successful than the sector averages.

According to data for the end of 2012, Yatırım Finansman ranked 17th among the top 20 brokerage houses on the basis of transaction volume in the stock trading volume category, and 11th in the net profit category.

For Yatırım Finansman, 2012 marked the most important milestone since its foundation.

### **Organizational restructuring**

Yatırım Finansman significantly revised its organizational structure in 2012.

Underlying our far reaching transformation project, our target is to carry our Company into the future as a much stronger service provider. The other important targets of Yatırım Finansman's transformation project are to build customer satisfaction and loyalty and to become a more effective and agile service provider.

In the light of the dynamic market conditions and within the scope of Yatırım Finansman's restructuring efforts that aim to strengthen the Company's position in the market and to further improve its service capabilities, the Internal Control, Process and Business Development, Sales and Marketing, Corporate Finance, Strategy and Legal Affairs departments were established in 2012, while the Presidency of the Inspection Committee was restructured. Within the scope of the Company's organizational restructuring efforts, the Corporate Finance Unit, which is deemed as a significant area of future growth, was turned into a department.

Yatırım Finansman's working principles were rearranged and all required regulations entered effect in 2012 upon the Board's decision. Furthermore, the Company's infrastructure and processes were further strengthened by rearranging its business processes and the identification of roles and responsibilities within the Company.

### **Investment in human capital and transformation**

Human resources are one of our most important values. Human resources are the basic force that brings Yatırım Finansman into existence. It is with this understanding that the Company supported its organizational restructuring efforts in 2012 by offering extensive training programs that aim to further enhance the professional competencies and personal development of its human resources. Yatırım Finansman's management personnel and all employees, and particularly the sales teams, participated in the comprehensive training programs.

Yatırım Finansman moves forward with determination, thanks to its human resources who are open to change, who like sharing and who support innovation.

**MESSAGE FROM THE GENERAL MANAGER****We said, “Touching the customer”, and we touched.**

Customers are our most precious resource. Yatırım Finansman aims to continuously raise the quality of service it offers its existing and new customers. Speed, effectiveness and efficiency are the other fundamental elements that we pay constant attention to in customer relations.

In 2012, our Company continued to develop the most innovative products which would provide the maximum benefit to our customers.

Adopting a permanent goal of diversifying its products and services, Yatırım Finansman has implemented a number of projects. By offering investors an array of alternative opportunities through new products, such as the deposit portfolio group and effective mediation in private sector bonds and bills, the Company began to more provide a more comprehensive range of services in the field of short-term strategies, in addition to the in-depth sector and company analysis by establishing the Research and Strategy departments. Within the scope of such efforts, in 2012 the Company also completed the establishment of the Sales and Marketing Department, which has direct access to customers.

**Expanding our service network by opening new branches**

We opened new branches in 2012 in an effort to be closer to our loyal and wide customer portfolio - the most important part of Yatırım Finansman’s strength - and to increase our transaction volumes by reaching new customers.

By opening branches in Çankaya-Ankara and Konya, Yatırım Finansman increased the total number of its branches to 13. In 2013, and beyond, our Company will continue to evaluate locations with high growth potential and expand its physical service network, depending on the demand conditions in the market and the conjuncture at the time.

**Taking firm steps to the future with younger and more dynamic employees**

We entered 2013 with a younger and more dynamic team. With our newly hired colleagues, we further strengthened our human resources, who are open to change and supported by training and our renewed vision.

Our next step is to implement fast and easily accessible solutions without compromising our quality of service and our principle of unconditional customer satisfaction, and to break new ground and to carry out a number of significant innovations. We focus on satisfying all of our customers’ needs by offering them fast and high-quality services, and we maintain our efforts in this area with strong determination.

In the environment of low real interest rates, it becomes more challenging for investors to earn money. For those customers who look for alternatives to the classical investment instruments, we are on the eve of developing and offering brand new investment products that also take into account their changing financial needs. With the concept of offering modern investment instruments, and through the strength that we derive from our experience and expertise, we maintain our preparations to create new types of portfolios, the yields of which are supported by derivatives products. Our goal is to offer additional opportunities to investors through return yielding products that are an alternative to deposits and bonds.

*We focus on meeting all of the needs of our customers by offering them rapid and high-quality services.*

### Yatırım Finansman's targets

We predict that 2013 will be a challenging year for those brokerage houses that only focus on mediation services.

Yatırım Finansman's target is to continuously diversify its fields of activity and sources of income. This approach also contributes to the Company's target of expanding its market share and trading volumes.

Yatırım Finansman has always focused on showing investors the right direction. The Company's most important target, as well as its biggest difference from the competition, is its "faith in information". We know that a service based on objective information is a driving force behind adding tremendous value to our business line, and we continuously invest in this area.

We will continue to provide consultancy services to our investing customers by sharing our long-term ISE strategy, mid- and long-term stock model portfolio recommendations and short-term strategy suggestions with them. Our service approach, one based on our high value proposition capability, will continue to show the right direction to our customers in 2013, while playing a key role in ensuring that our customers gain the maximum value from their investments.

Yatırım Finansman derives its strength from its customers, shareholders and employees, who form its fundamental stakeholder mass. As Turkey's first capital markets institution, our Company is currently among the leading corporations in our sector. Yatırım Finansman will maintain its efforts in coming years as a company which offers its customers a quality of service that exceeds their expectations, and whose shareholders and employees are proud to be a partner and member of.

I would like to take this opportunity to extend my gratitude to our valuable shareholders who have supported our transformation projects (which were a milestone for our Company) in 2012, our customers who have appreciated our efforts and have loyally stayed with us, and our employees who sustain Yatırım Finansman's existence by making everything real.

With such strength and confidence introduced by being a large and closely-knit family, we take firm and quick steps towards the future by executing our job with passion...

Şeniz Yarcın  
General Manager



## BOARD OF DIRECTORS



**ÖZCAN TÜRKAKIN**  
CHAIRMAN  
TSKB / President



**ÇİĞDEM İÇEL**  
VICE CHAIRMAN  
TSKB / Executive Vice President



**ECE BÖRÜ**  
MEMBER  
TSKB / Head of Board of Internal Auditors



**HAKAN AYGEN**  
MEMBER  
TSKB / Senior Head, Corporate Finance



**VOLKAN KUBLAY**  
MEMBER  
T. İş Bankası A.Ş. Subsidiaries Division / Unit Manager



**ASLI ZERRİN HANCI**

MEMBER

TSKB / Department Head, Treasury

**AYŞE NAZLICA**

MEMBER

TSKB / Department Head, Budget Planning and Investor Relations

**A. YAVUZ ÖZÇİÇEK**

AUDITOR

TSKB / Department Head, Capital Markets

**ÖZGÜR TEMEL**

AUDITOR

T. İş Bankası A.Ş. Capital Markets Division / Unit Manager

**TOLGA SERT**

AUDITOR

TSKB / Senior Manager, Financial Control

## SENIOR MANAGEMENT



### ŞENİZ YARCAN / GENERAL MANAGER

Born in Bolu in 1965, Mrs. Yarcan graduated from the Department of Business Administration at Boğaziçi University. Mrs. Yarcan began her professional career at the Treasury Department at TSKB as an Assistant Investment Advisor. After serving in a variety of positions at TSKB, she was promoted to the position of Executive Vice President in 2004. Mrs. Yarcan was then promoted as the Senior Executive Vice President after 2004, and was responsible for the Investment Banking and International Relations Division, which includes the Securities, Financial Institutions, Research and Corporate Finance groups, as well as the Assets Management Departments. On January 1st, 2012, Mrs. Yarcan was appointed as Yatırım Finansman's General Manager.



### EMRE DURANLI / EXECUTIVE VICE PRESIDENT

Born in 1972, Mr. Duranlı graduated from the Department of Business Administration (in English) at the Faculty of Economic and Administrative Sciences, Hacettepe University. Having started his professional career as an Assistant Inspector at the Inspection Committee Presidency at Türkiye İş Bankası in 1996, Mr. Duranlı continued his office as the Manager of the Subsidiaries Department in Türkiye İş Bankası between 2008 and 2012. Mr. Duranlı also served as a board member in the following companies: İş Yatırım Menkul Değerler, Yatırım Finansman Menkul Değerler A.Ş., Milli Reasürans T.A.Ş., Anadolu Sigorta, Anadolu Hayat Emeklilik A.Ş., İş Girişim Sermayesi, İş Portföy Yönetimi, İş Yatırım Ortaklığı, Efes Varlık Yönetimi and Avea İletişim Hizmetleri. Mr. Emre Duranlı was appointed as Yatırım Finansman's Executive Vice President on July 31st, 2012.



### EMRE BİRKAN / EXECUTIVE VICE PRESIDENT

Born in 1966, Mr. Birkan graduated from the Faculty of Economics at Istanbul University in 1990. He completed a Master's degree in Economics from the Western Michigan University. Mr. Birkan started his career as a junior analyst at Tekstilbank in 1992. After 1992, he served in various positions in the fields of International Capital Markets, Research and Portfolio Management at Körfeyzbank, Finans Yatırım and Raymond James. Having joined Yatırım Finansman in 2009, Mr. Birkan currently holds the position of Executive Vice President of Yatırım Finansman.



### DİLEK AKDEMİR / EXECUTIVE VICE PRESIDENT

Born in 1965, Mrs. Akdemir graduated from the Faculty of Business Administration. Having started her professional career in Meriç Tekstil Sanayi ve Ticaret A.Ş. in 1986, Mrs. Akdemir was transferred to Yatırım Finansman in 1990 to establish a research department in the Company. She later served as the Private Portfolio Manager and Corporate Portfolio Manager and was responsible for the establishment and management of Mutual Funds. In 1997, she was actively involved in opening Yatırım Finansman's Çiftelhavuzlar branch and also worked as the manager of Çiftelhavuzlar and Taksim branches, and the main branch. She continued her career in Yatırım Finansman in 2012 as the Process Management Manager. Mrs. Dilek Akdemir was appointed as Yatırım Finansman's Executive Vice President on January 1st, 2013.



### ÖZLEM CEVHER / COORDINATOR

Born in 1972, Mrs. Özlem Cevher graduated from the Department of Business Administration at the Faculty of Economic and Administrative Sciences at Marmara University. Mrs. Cevher started her professional career as a Transactions Officer at Garanti Menkul Değerler in 1994. She also worked as an Investment Specialist at K Yatırım Menkul Değerler and a Senior Investment Specialist at Global Menkul Değerler. She later continued her career as a Branch Manager in Site Yatırım Menkul Değerler and Finans Yatırım Menkul Değerler. Having joined Yatırım Finansman in 2008, Mrs. Cevher served as the Manager of the Adana Branch and Istanbul Main Branch. Mrs. Özlem Cevher was appointed as Yatırım Finansman's Coordinator Responsible for the Branches and Sales Marketing Department on January 1st, 2013.

## MANAGEMENT



**Zümrüt Can Ambarcı**  
Department Head of  
Research



**Pervin Bakankuş**  
Department Head of  
Corporate Finance



**Murat Borucu**  
Department Head of  
International Operations



**Neslihan Çetin**  
Department Head of Sales  
and Marketing



**Zeki Davut**  
Department Head of  
Inspection Board



**Levent Durusoy**  
Chief Economist



**Cenk Erdal**  
Department Head of  
International Sales



**Erden Gürden**  
Department Head of  
Legal Affairs



**Didem Helvacioğlu**  
Department Head of  
Treasury and Fund  
Management



**Emel Pala**  
Senior Manager of  
Risk Management



**Oya Altıngözlü Pekel**  
Department Head of  
Derivatives



**Feyza Koçyiğit Silahlı**  
Department Head of Human  
Resources and Corporate  
Communication



**İbrahim Cüneyt Tahtacı**  
Department Head of IT  
(acting)



**Hakan Tezcan**  
Department Head of  
Strategy



**H. Taylan Vecdisoy**  
Department Head of  
Financial Control and  
Operation (acting)



**Onur Yurtsever**  
Department Head of  
Process and Business  
Development (acting)

### Branch Managers

Anıl Alperat  
Antalya Branch

Ayşe Ceylan  
Adana Branch

Gülşay Çoruk  
Bakırköy Branch

Ufuk Erkut  
Samsun Branch

Tuncay Fışkıрма  
Konya Branch

Deniz Gözendor  
Çiftehavuzlar Branch

Yeşim İpek  
Kızılay Branch

Cihat Kaymas  
İzmit Branch

Çiğdem Mert Önder  
Main Branch

Zerrin Öney  
Kozyatağı Branch

Ali Nihat Özel  
İzmir Branch

Aylin Pişkinsoy  
Bursa Branch

Erol Taşın  
Çankaya Branch

## THE ECONOMIC CLIMATE IN 2012

Following its rapid growth in 2010 and 2011, the Turkish economy began to slow down in 2012 in parallel with global trends and expectations.

In 2012, the Turkish economy aimed to switch to a slower but sustainable growth path, and thus alleviate the problems in its external balance. During this period, known as the “rebalancing and soft-landing period”, it could be claimed that the Turkish economy was successful with a growth rate of around 3% and a current account deficit that narrowed to 6.5% of Turkey’s GDP.

A GDP growth rate of 2.6% was observed in the first nine months of 2012, corresponding to a slower growth pace than in the post-crisis years (2010 and 2011). Turkey’s GDP growth rate is projected at around 3% for the entire year - lower than the government’s official target of 4%.

As far as the first three quarters of the year are concerned, the driving force behind economic growth was foreign demand. During this period, while the contribution of domestic demand to growth was negative, the positive contribution from net exports was extremely high for a year with no economic contraction. As a result, the shifting demand composition along with the soft-landing allowed a rebalancing in the Turkish economy. However, it should be noted that the weight of domestic demand in the demand composition began to increase again later in the year.

Thanks to the foreign demand supported growth, the foreign trade deficit fell by nearly US\$ 20 billion to US\$ 86.6 billion. Despite a 5% fall in imports on the back of stagnant domestic demand, exports proved a significant factor in the economic growth during the year, surging by 13.4%, a performance backed by exports of precious metal, which became prominent for the first time in 2012. This precipitated a narrowing of about US\$ 24 billion in the current account deficit, which was realized at US\$ 48.9 billion in 2012.

Charged with the task of bringing economic growth on its targeted path and keeping the undesired impacts of high global risk appetite under control, the CBT began 2012 with a tight monetary policy. However, the changing perception concerning the debt crisis in Europe in the summer months, as well as the positive steps taken by Turkey concerning its credit rating provided the Central Bank with the required impetus to loosen its monetary policy. As a result, the policy interest rate was decreased by 7 percentage points when compared to the beginning of 2012 and was balanced at 5.5% by the end of the year.

On the inflation side, although the rate of inflation was once again higher than the official target of 5%, the annual CPI rate of 6.2% by the end of 2012 does indicate a significant fall in inflation, when compared to the inflation rate of 10.4% at the end of 2011. Underlying the dramatic fall in inflation, particularly in the last quarter, was the fact that TL gained stability (in contrast with the previous year) and the supportive picture in food prices.

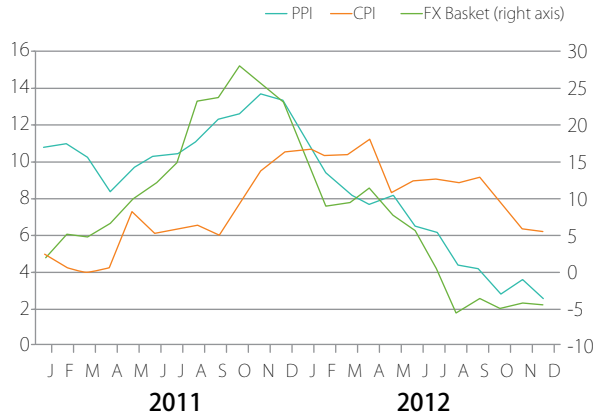
*The annual rate of CPI inflation, at 6.2% at the end of 2012, indicates a significant fall in inflation when compared to the inflation rate of 10.4% at the end of 2011.*

Financial policies, on the other hand, were loosened slightly because of the negative impact of weak economic growth on public revenues, particularly until the last quarter. The budget deficit as a percentage of GDP increased from 1.4% in 2011 to 2% in 2012, exceeding the initial target by as much as one third. However, it should be noted that the budget deficit began to decline on the back of the measures taken on the revenues side in the last period of the year

The macroeconomic conditions summarized above, and a credit rating agency's decision to raise Turkey's credit rating to investible grade allowed interest rates in the secondary market to fall from double-digit figures in early 2012 to historically low levels later in the year, and close 2012 at 6.15%. In line with the CBT's policies, the Turkish Lira gained value at the beginning of the year but was generally stable for the rest of the year, and closed 2012 with a gain of approximately 6% against the US\$. The US\$/TL rate closed the year at 1.78.

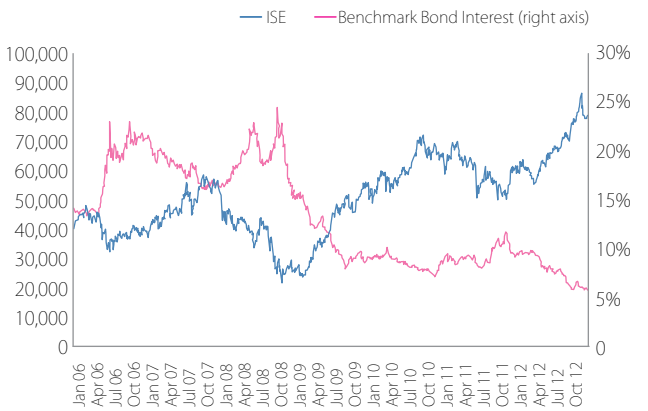
**Inflation and FX Basket**

(Monthly Annualized Changes) (%)



**ISE 100 - Benchmark Interest Rate**

(Monthly Annualized Changes) (%)



## OUTLOOK FOR THE TURKISH ECONOMY IN 2013

The 4% real growth target for 2013 which was set forth in the Medium Term Program may be exceeded, and the rate of economic growth in 2013 is now forecasted to reach 4.7% due to the delayed effects of the loose monetary policy implemented in the second half of 2012, as well as ongoing strong capital inflows.

The increasing pace of growth, as well as the maturity structure of the ongoing capital inflows, indicates that ensuring the continuity of the financial stability and the rebalancing processes will become a primary target in this period.

Although the current account deficit is likely to swell to US\$ 63.5 billion in 2013 in parallel with the increasing pace of growth, when considered as a proportion of GDP, the current account deficit is expected to remain stable. The monetary policy authority has repeatedly stressed its aim of supporting the rebalancing processes through precautionary macroeconomic measures rather than traditional tools. Similarly, the CBT has signaled that it will pursue policies to tackle the overvaluation of the Turkish Lira.

Some tax hikes that were due to enter effect in 2013, but have since been postponed, and measures to prevent an overvaluation of the Turkish Lira are such factors, and indicate that inflation will be between 6.5% and 7% in 2013. According to the targets set forth in the Medium Term Program, it is clear that the financial policy - which was significantly loosened in 2012 - will not be notably tightened in 2013, and the budget deficit is again expected to end the year at around 2% of GDP.

Interest rates are expected to remain near their record low levels throughout the year, but inch up to over 7% in the last quarter of the year. Although the Turkish Lira will be subject to some upward pressure from strong capital inflows, the CBT is expected to apply robust policies to tackle such a trend. As a result, the Turkish Lira is expected to depreciate to a limited extent, with the US\$/TL exchange rate ending 2013 at 1.87.

Source: TurkStat, CBT, ISE

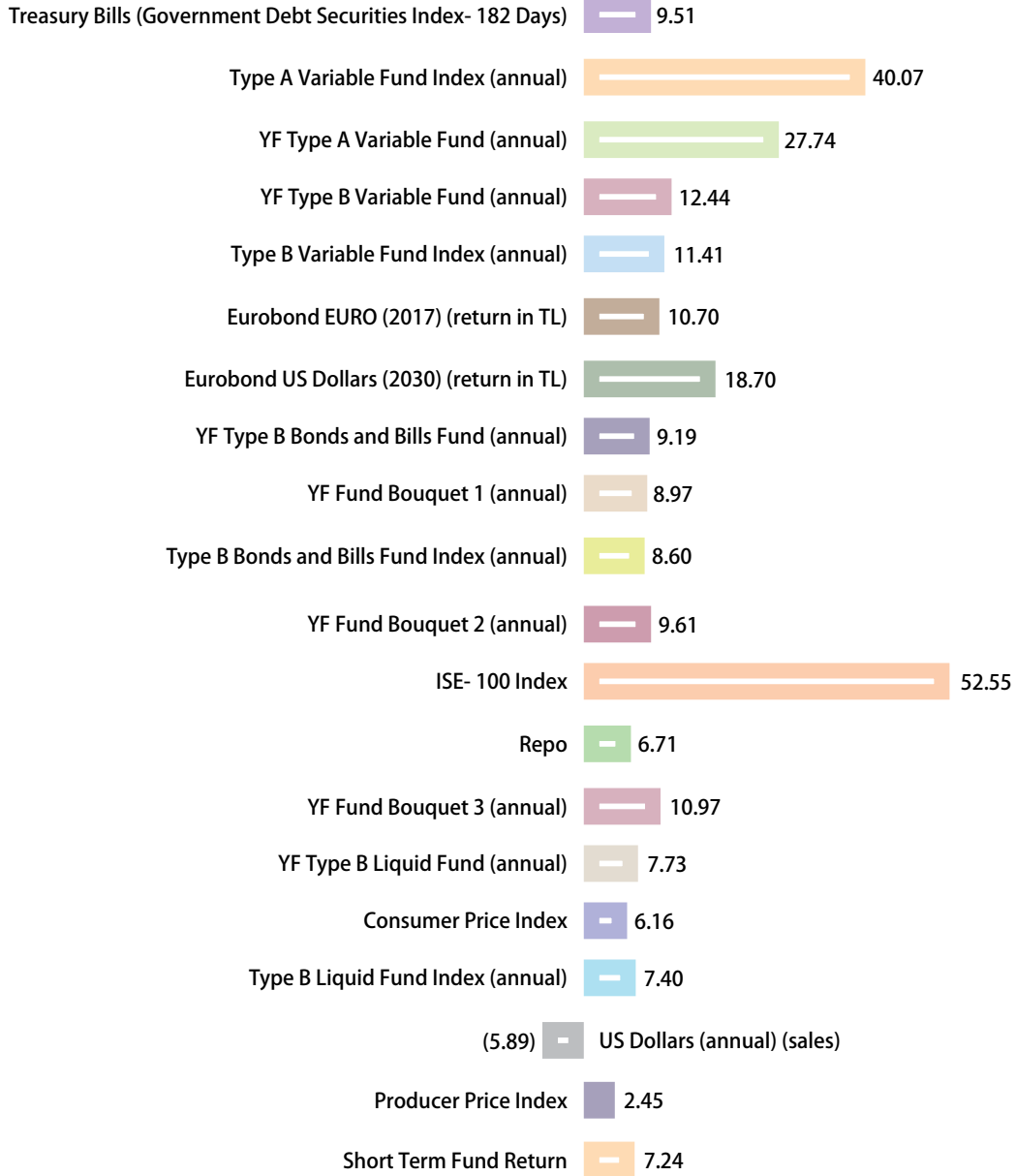
*The budget deficit is again expected to end the year at around 2% of GDP.*

### GDP – Sectoral Growth Rates

(%)	2011	2012*
Agriculture	5.6	3.3
Industry	9.4	3.1
Services	8.3	2.5
Construction	11.3	1
GDP	8.5	2.6

(\*) January-September

### Comparative Performance of Investment Instruments - % (31.12.2011-31.12.2012)



## YATIRIM FINANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

Yatırım Finansman has brought its pioneering and guiding identity in the Turkish capital markets into the new age. With this identity that it has assumed since its foundation Yatırım Finansman has maintained its strong position in a national and international conjuncture that has demonstrated a variable trend in 2012, reinforced its position in the sector and continued to generate value for all of its stakeholders, especially its customers.

### Highlights from our performance in 2012:

- Yatırım Finansman's trading volume in the Stock Market reached TL 23.9 billion.
- Ranked 19th in 2011, the Company completed 2012 in 18th place among 88 active brokerage houses, capturing a 1.92% market share.
- Yatırım Finansman maintains its sustainable performance in the Bonds-Bills Market. The Company's trading volume in this market rose by 11% from TL 18.8 billion in 2011 to TL 20.9 billion in 2012. In 2012 Yatırım Finansman ranked 9th in the market, which includes 101 brokerage houses. The Company also reached the first place among non-banking brokerage houses.
- Yatırım Finansman's trading volume in the Takasbank (Settlement and Custody Bank) Money Market rose by 221% from TL 6.4 billion in 2011 to TL 20.6 billion in 2012. With a 5.7% market share, the Company ranks 3rd among 80 banks and brokerage houses in this business line.
- The portfolio size of the 6 mutual funds founded by Yatırım Finansman and which the Company offers portfolio management services to, as well as thematic funds issued by TSKB, had reached TL 184 million by the end of 2012.
- The volume of the Yatırım Finansman Type Liquid Mutual Fund reached TL 85.1 million, while the number of participants stands at 12,788.
- As an active participant of the Derivatives Market, Yatırım Finansman commanded a 3.27% market share in 2012 with a transaction volume of TL 26.5 billion.
- Through the YFTRADEFX and YFTRADEINT platforms, Yatırım Finansman continued to offer its customers the opportunity to trade in Forex and international derivatives markets, 24 hours a day, 5 days a week.
- According to data for the end of 2012, the total size of customer assets which Yatırım Finansman offers private portfolio management services to reached TL 44.4 million.
- In 2012, the total size of client portfolios managed by Yatırım Finansman amounted to TL 1.3 billion.
- In 2012 Yatırım Finansman was involved as a co-leader in the public offering of Tümosan shares, with the public offering carried out on the ISE through the book-building method.
- In the secondary public offering of Halkbank in 2012, Yatırım Finansman attracted the 3rd highest volume of applications for shares among the non-banking brokerage houses.
- Through bank and private sector bond issues that began to increase since 2010, the total size of bond issues that Yatırım Finansman mediated in 2012 reached TL 35 million.
- In order to support its new organizational structure with service effectiveness, Yatırım Finansman strengthened its service network by opening two new branches in Çankaya-Ankara and Konya.

Yatırım Finansman is determined to offer its innovative products, services and solutions that are fully compliant with the legislation through services platforms, which utilize up-to-date technologies the most efficient way, and to make sure that its customers live the best service experience.



### Yatırım Finansman's Operations in the Stock Market

Within the scope of Stock Market transactions, Yatırım Finansman offers investors consultancy and mediation services at any maturity and under any risk conditions by sharing with them its long-term ISE strategy, mid- and long-term stock model portfolio recommendations and short-term strategy suggestions.

### ISE: The second highest performing exchange in the world in 2012

Despite the troubles in global economic activity, the ongoing and spreading financial crisis in the EU and the negative impacts of concerns related to the fiscal cliff in USA on the markets, the fact that central banks continued to inject liquidity into the markets and lower interest rates in order to support economic activity allowed the risk appetite to increase, supporting gains in the stock markets.

### Client Portfolio Composition



Stocks	942,135,051	73.97%
Bonds-Bills	73,616,547	5.78%
Mutual Funds	183,766,094	14.42%
Repo	18,104,457	1.42%
Derivatives	5,899,704	0.46%
Foreign Fixed Income Securities	16,691,013	1.31%
Foreign Stocks	1,630,325	0.12%
Money Market	31,736,528	2.49%

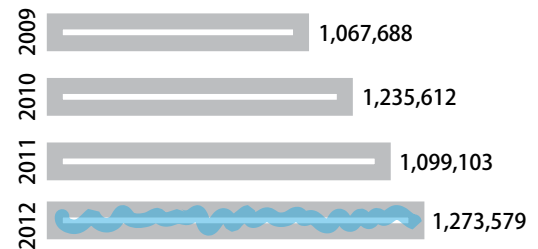
With the support of Turkey's narrowing current account deficit as the Turkish economy achieved to perform a soft-landing, a restructuring in the economy and the CBT's move to cut the policy interest rate by 25 basis points to 5.50%, the financial markets' positive expectations for the medium term grew stronger.

In this optimistic climate, which presents a favorable backdrop for share prices to increase, the ISE-100 index rose by 52.5% YoY in TL terms to end the year at 78,208 points. The ISE notched up the second highest gain of any stock exchange in the world, notching up a 61.8% increase in value in US\$ terms.

Yatırım Finansman shaped its stock market strategy for 2012 with the projection that the ISE-100 index would demonstrate a strong upward trend.

Capable of serving both domestic and foreign investors, Yatırım Finansman has accurately evaluated market dynamics in line with its proactive investment strategy and demonstrated a successful performance in 2012.

### Client Portfolio Size (Last Day of the Year) (TL thousand)

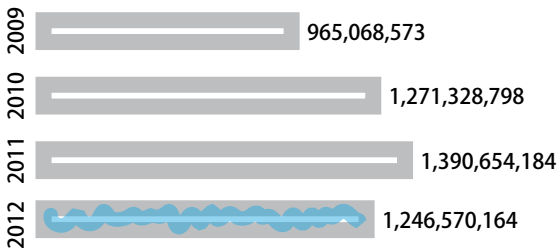


In 2012, stock portfolios accounted for the largest proportion of Yatırım Finansman's client portfolio, with a 73.97% share.

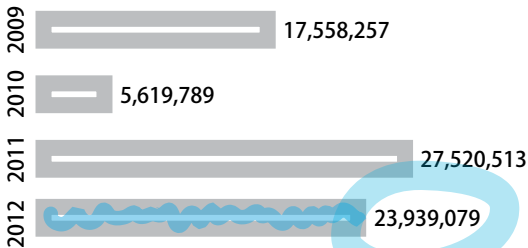
## YATIRIM FİNANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

Trading volume on the ISE stock market fell by 10% from TL 1,391 billion in 2011 to TL 1,247 billion in 2012. In parallel with this decline, Yatirim Finansman's trading volume declined by 13% from TL 27.5 billion in 2011 to TL 23.9 billion in 2012.

### Stocks Market Trading Volume (TL thousand)



### YF Stocks Market Trading Volume (TL thousand)



Ranked 19th in 2011 with a 1.98% market share, Yatirim Finansman completed 2012 in 18th position among 88 active brokerage houses, capturing a 1.92% share from this market.

### In the Stock Lending Market...

Within the scope of stock trading, Yatirim Finansman also serves its customers in the Stock Lending Market, which is run by Takasbank. The Stock Lending Market is an organized market which collects the demands of customers seeking to borrow shares after performing short sales and submits them to brokerage houses; these brokerage houses subsequently submit the offers to their customers seeking to lend their shares for a predefined commission. The market aims to offer an income opportunity to long-term stock investors and to ensure that the short sale transactions which make stock lending a necessity allow functions such as liquidity and price effectiveness to work in the market.

### Yatirim Finansman's Operations in the Bonds-Bills Market

#### A strong product and service portfolio

Yatirim Finansman's product portfolio for the Bonds-Bills Market includes Treasury bonds, government bills, bank bonds, corporate bonds and bills and Eurobond. Furthermore, Yatirim Finansman offers its customers the opportunity to buy bonds-bills directly by bidding in treasury auctions.

In Bonds-Bills Market, the Company also offers those customers seeking returns from short-term price movements in bonds and bills the opportunity to trade in the ISE Borrowing Instruments Market.

*Stock trading volume approaches TL 24 billion in 2012.*

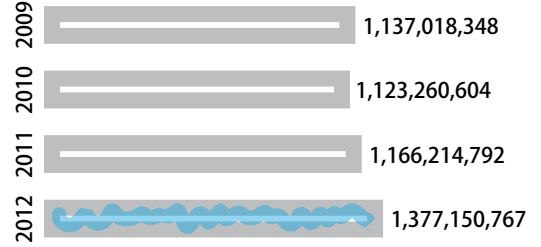
### Ranks 1st among non-bank brokerage houses

The trading volume in the Turkish Bonds-Bills Market rose by 18% from TL 1,166 billion in 2011 to TL 1,377 billion in 2012.

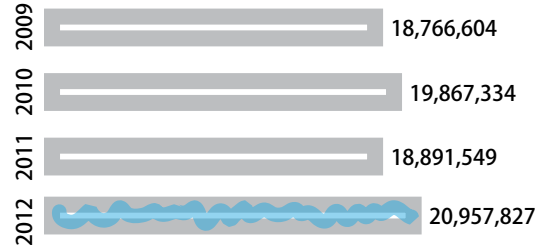
Yatırım Finansman maintains its sustainable performance in the Bonds-Bills Market.

Yatırım Finansman raised its trading volume in the Bonds-Bills Market by 11% from TL 18.8 billion in 2011 to TL 20.9 billion in 2012. In 2012, the Company ranked 9th among the brokerage houses in this market, where 101 institutions operate, while climbing to the 1st place among non-bank brokerage houses. On the other hand, Yatırım Finansman's trading volume in the Takasbank Money Market rose by 221% from TL 6.4 billion in 2011 to TL 20.6 billion. With a 5.7% market share, the Company ranks 3rd among 80 banks and brokerage houses in the market.

### Bonds-Bills Market Trading Volume (TL thousand)



### YF Bonds-Bills Market Trading Volume (TL thousand)



Yatırım Finansman ranks 3rd in the Takasbank (Settlement and Custody Bank) Money Market with a 5.7% market share.

## YATIRIM FİNANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

**Mutual Funds****A mutual fund policy shaped under the target of providing a competitive level of income**

Through various mutual funds founded and managed by Yatırım Finansman, the Company offers solutions that address its customers' unique risk-reward profiles, and undertakes its efforts with the target of providing investors with a more competitive level of income than that offered by the average yields of other funds of similar type and with similar risk structures.

At Yatırım Finansman, mutual funds are managed by a strong team comprised of fund and portfolio managers in addition to the Company's senior executives, which carries out its activities with the support of the Research Department.

The portfolio size of the mutual funds founded by Yatırım Finansman and which the Company offers portfolio management services to, plus the thematic funds issued by TSKB, had reached TL 184 million by the end of 2012.

Besides managing its own mutual funds, Yatırım Finansman is also the authorized dealer of all funds issued by Türkiye İş Bankası and TSKB. At the same time, the Company is the founder and the portfolio manager of the Type A Resan Private Fund.

	2012
<b>Type A Variable Fund</b>	
Total Fund Value (TL thousand)	1,532
Annual Return (%)	27.74
Fund Index Return (%)	40.07
<b>Type B Bonds and Bills Fund</b>	
Total Fund Value (TL thousand)	10,435
Annual Return (%)	9.19
Fund Index Return (%)	8.60
<b>Type B Liquid Fund</b>	
Total Fund Value (TL thousand)	85,063
Annual Return (%)	7.73
Fund Index Return (%)	7.40
<b>Type B Variable Fund</b>	
Total Fund Value (TL thousand)	5,581
Annual Return (%)	12.44
Fund Index Return (%)	11.41
<b>YF Type A Special Fund</b>	
Total Fund Value (TL thousand)	60,397
Annual Return (%)	35.23
Fund Index Return (%)	28.73
<b>Type B Short Term Bonds and Bills Fund</b>	
Total Fund Value (TL thousand)	18,933
Annual Return (%)	7.24
Liquid Fund Index Return (%)	7.40

Yatırım Finansman's Mutual Funds	Type A Variable Fund	Type B Bonds and Bills Fund	Type B Liquid Fund	Type B Variable Fund	Type B Short Term Bonds and Bills Fund	Type A Special Fund
Total Fund Value (x1,000)	1,532	10,435	85,063	5,581	18,933	60,397
Number of Investors	465	170	12,778	46	732	2

\* Type B Short Term Bonds and Bills Fund began publicly trading on 19 July 2011.

## Yatırım Finansman's Operations in the Derivatives Market

### TurkDEX: A market that plays a key role in eliminating uncertainty and protecting investors

Yatırım Finansman has been rendering service at the TurkDEX (Turkish Derivatives Exchange) since 2005, when the exchange became operational.

At the Turkish Derivatives Exchange, which differs from traditional investment instruments, trading is performed for protection or investment purposes, or for generating earnings through arbitrage. In this market, corporate and individual investors have the opportunity to protect themselves from risk, or to take a predetermined level of risk in instruments such as FX, stock exchange indices or gold up to a level, with the risk level set according to their risk/reward profile. The tax advantages offered by TurkDEX are the reason a number of investors prefer trading in this market.

### Strong infrastructure and an uninterrupted service approach

Yatırım Finansman is one of the most widely preferred service providers for derivatives transactions in Turkey.

As an active participant of the Derivatives Market since the foundation of TurkDEX, Yatırım Finansman completed significant investments, particularly in its technological infrastructure and hardware. Moreover, the Company provided its customers with the opportunity to access to their derivatives accounts at any time through its nationwide branches, and its advanced website supported by software designed by the Company itself.

With a wide alternative service network, Yatırım Finansman offers its customers the opportunity to trade by rapidly sending their orders to TurkDEX without losing time between menus, thanks to the user friendly VOBaktif software. The YFTRADE program, which attracts attention with its speed and ease of use allows customers to carry out all stock and warrant transactions, as well as derivatives transactions through the same program. Aware of the importance and necessity of accurate and timely information, Yatırım Finansman, also allows its customers the convenience of keeping up-to-date on market developments and

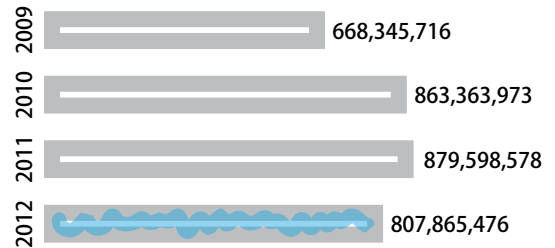
the opportunity to receive notifications of dramatic price movements through its SMS service.

Appreciated also by its customers for its strong infrastructure and uninterrupted service approach, Yatırım Finansman has reaped the reward for its services by attaining the top ranking on the basis of derivatives trading volume.

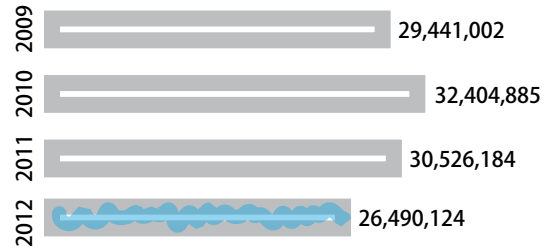
### Total trading volume in the Derivatives Market reaches TL 808 billion in 2012.

With a trading volume of TL 26.5 billion in the Derivatives Market, Yatırım Finansman captured a 3.3% market share and ranked 10th among 101 institutions. Meanwhile, the number of Derivatives Market accounts opened by Yatırım Finansman at Takasbank has been steadily increasing since the first year, and had reached 1,924 by the end of 2012.

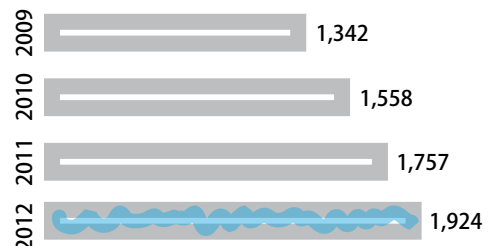
#### Derivatives Market Trading Volume (TL thousand)



#### YF Derivatives Market Trading Volume (TL thousand)



#### Number of YF TurkDEX Accounts



## YATIRIM FİNANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

### Also an ambitious service provider in Foreign Derivatives Markets

In the Foreign Derivatives Markets, where about 25 billion contracts were traded in 2012, Yatırım Finansman - working self-confidently for many years - offers its investors the opportunity to trade first hand in the world's leading stock exchanges.

Individual or corporate investors can trade a wide array of products, including stock exchange indices, gold, silver, copper, oil, natural gas, corn, bonds-bills for protection or investment purposes.

Investors who open foreign derivatives accounts at Yatırım Finansman can easily obtain a password created by the IT Department after undergoing special security checks, such as mobile phone confirmation, and quickly start trading.

Yatırım Finansman's customers may directly submit their orders to the ISE in a rapid and reliable environment through the YFTRADEINT platform which has Turkish language support. Customers can also receive support from the Company's specialized staff. In order to ensure that the Company reaches a broader investor mass in this area, no lower limit is applied in opening accounts for Foreign Derivatives Markets transactions.

Yatırım Finansman aims to quickly gain prominence in this market, where it offers its investors extremely competitive commission rates, with its helpdesk that provides support to customers until midnight, its Live Support team that answers customers' questions through the Company's website, its Turkish platform support and its strong technological infrastructure and specialized personnel who have gained wide experience in their fields.

### The Warrants and Certificates Market - still a new development in Turkey - continued to develop in 2012.

In the Warrants and Certificates Market, Yatırım Finansman offers its customers the opportunity to benefit from the price movements of the underlying asset with a specific leverage rate, without buying or selling the asset.

In 2012, turbo and discounted certificates began to be traded as warrant-like products. In line with the expanding product diversity, the total trading volume in the ISE Warrants and Certificates Market reached TL 5.4 billion in 2012. Yatırım Finansman, on the other hand, recorded a trading volume of about TL 51 million in this market in 2012.

Yatırım Finansman is determined to increase its trading volume in the Warrants Market with its specialized personnel and technological infrastructure.

#### Discounted certificates

Discounted certificates, a new product, allow investors to buy an underlying asset (mostly stocks or stock exchange indices) for an amount less than its actual value. In return for such a discount, the maximum earnings that can be generated by the date of maturity are limited to a predetermined ceiling level, in contrast with direct investments in the underlying asset.

This ceiling level is the certificate utilization price. Although the investor waives an income over a predetermined level in the underlying asset, they are granted the opportunity to buy the underlying asset at a lower price. Because the investor invests a reduced amount of capital in the underlying asset, in line with the discount to the amount the investor would pay when entering a direct investment in the underlying asset, the investor is able to generate a return in a flatlining or even falling market. Apart from those times where the market moves rapidly and significantly exceeds the ceiling level of return, discounted certificates offer a much more advantageous risk/reward profile when compared to the underlying asset.

#### Turbo certificates

Turbo certificates, another new product, allow investors to generate income over the difference between the predetermined price of the underlying asset and the utilization price by the date of maturity. Another important feature of turbo certificates is that they are traded with a barrier level. In the event that the price of the underlying asset reaches this level, the certificate would become worthless. In this situation, known as "early repayment", the investor is paid the strike price as determined by the issuer.

### **Yatırım Finansman carried out the first transaction in the Derivatives Market.**

Derivatives contracts based on stocks began to be traded on the ISE on December 21st, 2012.

Derivatives contracts and options issued for a single share and which expected to respond to stock based expectations were initially issued for 10 stocks (AKBNK, GARAN, ISCTR, YKBNK, VAKBN, EREGL, THYAO, TCELL, SAHOL and TUPRS). For investors, the fact that contracts can be physically delivered marks a different practice to the TurkDEX. Moreover, the fact that the options are of the American type, which means that investors are allowed to use these options before the date of maturity, is attractive for investors.

Yatırım Finansman meticulously completed its preparations for this new market with its specialized employees and its strong technological infrastructure, and became the first brokerage house to perform a transaction with the opening of the market.

In this new market, Yatırım Finansman is determined to offer its investors the service quality that they are used to and to grow its trading volume in a consistent manner.

### **Forex transactions - a new business line with high growth potential**

Forex is a rapidly growing over-the-counter market offering the opportunity to trade 24 hours a day, 5 days a week. With daily trading volume of between US\$ 4 and 6 trillion, it is the world's largest and most liquid market.

In line with the CMB's related regulations that entered effect in Turkey in August 2011, forex transactions can be performed through platforms provided by those agencies, which hold CMB Leveraged Trading Transactions Authorization Certificate and are audited and supervised on a regular basis.

Having successfully completed the required legal process, Yatırım Finansman began to serve its investors in the forex market on August 15th, 2012 with its strong technological infrastructure and its specialized and experienced personnel in their areas.

Yatırım Finansman offers investors with uninterrupted trading opportunity through Metatrader4-based YFTRADEFX, which is the Company's most preferred trading platform.

Effectively reflecting technological facilities to its service platforms, Yatırım Finansman also offers its investors efficient and reliable services in this market through the YFTRADEFX trading platform. The flexibility and the comfort offered to investors through the YFTRADEFX platform's iPhone and Android mobile applications strengthen Yatırım Finansman's ambition and position in the forex market.

#### **Advantages of the YFTRADEFX trading platform:**

- Placing orders through electronic means without a trading desk
- Free account opening without a lower limit
- A maximum leverage ratio of 100:1, or Investor-Specific Leverage Ratios
- Trading with mini lots
- Most preferred metatrader4 trading platform
- Odd Lot Orders
- The ability to open the account and start trading on the same day
- Trading in spot gold and silver markets
- Reliable spreads
- Trading 24 hours a day, 5 days a week
- Live support through the Internet
- No-Commission Trading

#### **Discretionary portfolio management services**

##### **Success through tailored solutions**

Yatırım Finansman offers private portfolio management services to those individual or corporate investors who do not have the time or knowledge to keep a view of the opportunities in the markets and who aim to undertake mid- and long-term investments. With its strong capabilities and superior service platform, the Company pays attention to all types of investor preferences from low risk profiles to the high risk profiles, and designs tailored solutions.

Yatırım Finansman aims to produce high added value for its investors through its active portfolio management styles and strategies based on objective data.

## YATIRIM FİNANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

Yatırım Finansman's specialized portfolio managers create portfolios based on the risk-income preferences of portfolio owners, manage them in the name of portfolio holders with the purpose of enabling synchronization with the dynamics and reflexes of the markets, and share comparative results with portfolio holders on a regular basis.

Yatırım Finansman attaches priority to risk management in the portfolio management processes and places maximum importance on liquidity and the diversification of investment instruments.

The trust in Yatırım Finansman's brand as well as its strong position in the market also sets the Company apart in the area of discretionary portfolio management services. According to data for the end of 2012, the total value of customer assets for which the Company offers discretionary asset management services reached TL 44.4 million.

### International Sales and Foreign Transactions: An innovative approach for global customers

Yatırım Finansman's extensive corporate client base, which it serves with a global point of view, includes some of the world's leading long-term asset management companies and hedge funds as well as major funds which are well-known for their algorithmic transactions.

The Company's marketing mission is to keep abreast of all news that may have an impact on corporate fund managers' stock market strategies in Turkey, to offer simultaneous services supported by analysis-based research products, and to help customers build their decision making mechanisms according to market conditions. The Company's service approach, on the other hand, is to stand by its customers through on-site visits and deliver the Research Department's value-added products to its expanding client base.

Yatırım Finansman's mission in mediation transactions is:

- to fulfill the orders of foreign corporate customers in a rapid and accurate manner and with the utmost care;
- to develop solutions permanently in order to ensure that orders placed through electronic platforms are seamlessly submitted;
- to respond to customers' requests in the shortest time possible; and

Yatırım Finansman aims to increase the number of its foreign corporate investors and its trading volume in this segment.

### Corporate finance - a business line with high growth potential

Yatırım Finansman is a competent and experienced service provider in corporate finance.

As one of the most experienced and competent services providers in the area of corporate finance, Yatırım Finansman renders service in a variety of areas such as public offerings, bonds-bills issuance and other borrowing instruments.

Thanks to its knowledge, expertise and target-oriented professional approach, Yatırım Finansman has been a sought after participant in public offerings since its foundation. While providing resources to companies and their partners through initial and secondary public offerings, Yatırım Finansman mediates in the participation of domestic and foreign individual investors in capital markets through its sales network both in and outside Turkey.

With a strong capacity in corporate finance, the Company is actively involved in this market. The ability to simultaneously conduct and complete a number of different projects differentiates Yatırım Finansman from its competitors in the corporate finance business line.

One of the basic elements of Yatırım Finansman's strategy in corporate finance is to carry out the public offering of small and mid-sized enterprises (SMEs).



### Emerging Companies Market (ECM)

The Emerging Companies Market (ECM) is a platform which was recently established as a separate market under the ISE in order to create a transparent and coordinated environment, where investors can trade in securities which are issued by emerging market companies with high growth potential to provide resources from capital markets. The ISE and capital market institutions undertake intensive efforts to ensure the active expansion of this market.

Through the strong in-house synergy that it will create, Yatırım Finansman's primary target in this area is to carry out reliable public offerings, where the right price is set and which will ensure both issuers and investors achieve desired results.

### Continuing to raise awareness of public offerings among corporations

Extending its full support to the public offering campaign that was launched two years ago, and taking into account the growth potential of Turkish capital markets, Yatırım Finansman has demonstrated its pioneering and responsible corporate identity once again as it seeks to raise demand for public offerings by carrying out informative events that raise awareness on this area.

To this end, the Company has held many meetings and participated in a number of events over the last two years in order to promote ECM throughout the country, to explain the benefits of public offerings and to ensure that SMEs join the ISE.

Following the presentations made in cooperation with the chambers of trade and industry in Kocaeli, Sakarya and Konya in 2011, the Company pursued the same mission in 2012 and held an event with ISE officials at the Samsun Chamber of Trade and Industry, where participants were informed of the advantages of public offerings to companies. In addition, the Company conducted one-to-one negotiations with nearly 20 companies in industrial cities and provided them with detailed information on capital markets and the opportunities they offer.

### In other areas of corporate finance...

In addition to public offerings, Yatırım Finansman renders mediating services for the sale of shareholders, takeover of shares, stock listing, private placement, dividend payment and publicly-held companies' capital increase through rights issues, as well as assessment services for companies and their shareholders and financial consultancy services. The Company also carries out bond and bills issues for those of its customers with a substantial fixed-income portfolio.

### Highlights from some of the Company's activities in corporate finance in 2012:

Yatırım Finansman:

- Performed takeover transactions for Bilfar Holding A.Ş. and Kopaş Kozmetik A.Ş. in the first quarter of 2012;
- Undertook a range of efforts in the second quarter to enable the trading of shares in Karsusan Karadeniz Su Ürünleri A.Ş. in the 2nd National Market; the company's shares began trading on July 24th, 2012;
- In October 2012 completed the transactions related to Bagfaş Bandırma Gübre Fabrikaları A.Ş.'s capital increase through a rights issue at a rate of 200%;
- Prepared and delivered an assessment report to an energy company in the last month of the year;
- Got involved in consortia for the initial public offerings of Özak GYO, Polisan Holding, Teknosa, TGS Dış Ticaret and Tümosan and the secondary public offering of Halkbank in 2012;
- Ranked 4th among thirty brokerage houses in terms of the volume of received demand in the public offering of Tümosan; and
- Having benefited from the group synergy, Yatırım Finansman sold its customers the bonds-bills supplied by ING Bank, İş Leasing, Türkiye İş Bankası, İş Yatırım, Alternatifbank and Boyner through İş Yatırım, and the bond supplied by Sarten Ambalaj through TSKB.

*Involvement in a number of bonds and bills supply transactions in 2012*

## YATIRIM FİNANSMAN: 2012 OPERATIONS, STRATEGIES AND FUTURE PROJECTIONS

### Turkey's growth path offers significant growth potential in terms of corporate finance.

The positive developments observed in the Turkish economy in recent years have raised companies' profits and precipitated a fall in interest rates.

Public offerings are the only way for those companies that grow and seek continued growth to accomplish their aim and become more institutional, transparent and professional, to find the required financial sources and to carry themselves into the future. Moreover, there are only a relatively small number of companies listed on the stock exchange in Turkey, with a relatively limited market size, when compared to developed and other developing countries.

Corporate finance is one of the primary areas that would expand Turkish capital markets by utilizing the existing potential through public offerings and other alternative borrowing instruments.

### Process and business development activities

#### In order to raise customer satisfaction and improve efficiency...

In 2012, Yatırım Finansman established the Process and Business Development Department in order to increase efficiency throughout its organization and maintain high levels of customer satisfaction by increasing the value offered to its customers.

The Process and Business Development Department conducts projects in the following areas:

- Enabling the necessary coordination for transactions executed by branches,
- Executing stock trading, stock lending and margin trading,
- Coordinating member representation in the stock market under the ISE,
- Conducting activities aimed at raising efficiency by restructuring business processes, and
- Enabling coordination between the IT Department and other departments which use the Company's IT systems.

The Process and Business Development Department plans to unstintingly maintain its efforts throughout 2013.

### To make a difference by investing in information - research activities

#### Research activities of high added value

Yatırım Finansman differentiates itself by "investing in information". The Company remains successful in its target of accurately directing investors, thanks to the efforts of its Research Department.

The Research Department provides dynamic guidance throughout the day by instantly sharing important developments in Turkey and foreign countries and news related to publicly-held companies, together with regular updates. The Department also serves its customers in a broader perspective through enriched products such as reports where macroeconomic data flows and developments are interpreted, "buy-sell" suggestions for companies and model portfolio recommendations.

Within the scope of its activities, the Research Department configures a model portfolio, which comprises of those companies it is most bullish on, and updates its suggestions over time according to changing conditions.

The model stock portfolio, which includes those stocks that the Company recommends to its customers, yielded a return which exceeded that of the ISE, demonstrating a performance substantially higher than that of the index.

#### Serving investors through number of reports

The analysts in the Research Department undertake extensive analysis of the sectors and companies under their area of specialization before sharing their views with investors through sector and company reports. The Department prepares periodical reports for companies, provides investment advice based on company valuations and the conjuncture and updates such advice by maintaining a continuous view of their performance.

**Information technology applications: striving to achieve a better performance, greater security and a richer product portfolio.**

Performance, security and product diversity are Yatırım Finansman's unaltered targets in the area of information technology. Yatırım Finansman's vision in the area of information technology can be summarized as offering innovative products for the use of its customers in a timely manner in line with the changing needs of its customers in time by using the latest technological infrastructures.

In 2012, the Company focused on projects that will carry its information technology infrastructure to new horizons in terms of capacity, performance and security, and continued to undertake investments in this area.

The Company rapidly responded to its customers' needs for information technology that emerge in line with developing markets; completed new updates in mobile trading platforms; and further improved its existing security system.

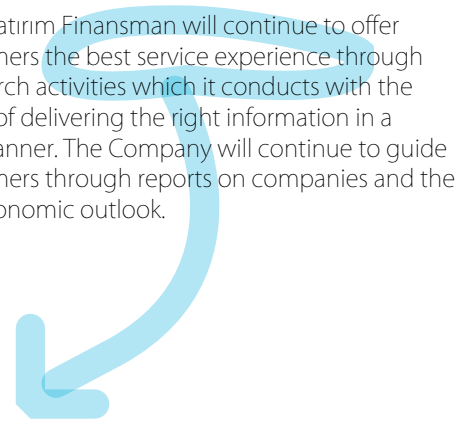
In 2012, the Company performed regular tests of the disaster center, which was set up with the purpose of preparing for natural disasters.

**In 2013...**

The abundant liquidity conditions in the global economy and strong interest in stock markets are expected to continue in 2013. As far as the regional breakdown of global fund movements is concerned, capital flows into emerging market are predicted to continue growing. For these reasons, the ISE is once again well placed to be one of the highest gaining stock exchanges in 2013, attracting attention in the global arena.

- Yatırım Finansman's target for 2013 is to capture a maximum share from emerging capital markets through primary and secondary market operations, and to generate value.
- One of Yatırım Finansman's operational priorities will be to step up the mediation services it provides to new companies to be listed in the Emerging Companies Market (ECM) and the Free Trading Platform (FTP) under the ISE.
- In 2013, another of Yatırım Finansman's priorities will be corporate finance transactions. Planning to focus on corporate finance activities in accordance with its group strategy, Yatırım Finansman intends to undertake extensive efforts, particularly in expanding the ECM.
- In 2013 Yatırım Finansman will continue to offer its customers the best service experience through the research activities which it conducts with the purpose of delivering the right information in a timely manner. The Company will continue to guide its customers through reports on companies and the macroeconomic outlook.

*Yatırım Finansman will continue to offer the best service experience to its customers through its research activities.*



## FOR BETTER, MORE EFFECTIVE AND FASTER SERVICES

### Yatırım Finansman's service channels strategy and developments in 2012

Working to an operational philosophy of being a reliable and guiding institution that creates added value, Yatırım Finansman attaches great importance to the extent of its investor base.

The Company's target customer mass includes all investors seeking to utilize their savings in capital market instruments, but who do not have the time or knowledge to keep a view of the markets and who would like to receive discretionary services in this area.

Yatırım Finansman's service channels strategy is based on effectiveness, efficiency, speed and customer satisfaction.

Serving large-scaled investors through all of its physical and alternative service channels, Yatırım Finansman serves small and medium scaled investors through mobile applications, the internet and telephone branches.

- 13 branches located in Turkey's important centers,
- The Phone Branch,
- The Internet Branch, and
- Mobile Applications form the basic service channels that support Yatırım Finansman's strength in capital markets.

Within the scope of its efforts to expand its service network, Yatırım Finansman opened two branches in Çankaya, Ankara and Konya in 2012.

With the support of CMB licensed investment specialists, services provided by the head office and branches are supported by VIP halls in our branches, and special customers are offered the opportunity to keep view of markets through computers and data terminals and place their orders on the ISE through the YFTRADE software, either through session managers who perform their transactions, or on their own.

### YFTRADE Mobile

Yatırım Finansman brought its service capabilities to a mobile platform through YFTRADE Mobile. YFASTRADE Mobile allows customers to access markets and their portfolios through their telephones from any location, through an application that can be downloaded to iPad, iPhone, Blackberry or Android-based smart devices.

YFTRADE Mobile is the first application offered by a brokerage house through iPad devices. Setting itself apart with its speed, user-friendliness, practicality and visual design, YFTRADE Mobile offers its users the opportunity to:

- instantly access their portfolios,
- trade quickly, reliably and easily,
- keep a close view of markets through the ISE's stock data and view analysis results,
- instantly access market news,
- analyze graphs of investment instruments that they are interested in,
- access statistical data on markets,
- create a market reminder, and
- access research reports and model portfolios.

### YF.COM.TR

Yatırım Finansman provides investors with all facilities introduced by the internet channel; investors can perform their transactions with no time or place restriction.

All investment transactions can be performed through the Internet Branch of Yatırım Finansman, which was one of the first brokerage houses in the sector to open an internet branch.

Products like BrokerAktif and VOBAktif offered to customers in the Internet Branch allow investors to trade on the ISE and Turkish Derivatives Exchange rapidly and easily, providing Yatırım Finansman with a significant competitive edge over its rivals.

*Yatırım Finansman's Internet Branch at YF.COM.TR has gained popularity due to its rich content, providing Yatırım Finansman with a significant competitive edge.*

### Internet Branch Transactions

- Display of Live Stock Exchange Data
- Research Analysis Portal
- Stock Trading
- Domestic Derivatives Transactions (TurkDEX)
- Warrant Transactions
- Mutual Fund Transactions
- Government Bills and Treasury Bonds Transactions
- Public Offerings
- Repurchase Transactions
- EFT and Money Transfers
- Other Investment and Query Transactions

### YFTRADEINT

The YFTRADEINT platform offers investors the chance to access extensive market data on foreign derivatives and to trade securely, rapidly and without the need for any intermediary, from any location with Internet access.

Through the YFTRADEINT platform, investors have the opportunity to:

- use the YFTRADEINT platform with the Turkish language support,
- access world's stock exchanges, 24 hours a day, 5 days a week,
- easily access portfolio information,
- trade instantly in futures markets,
- use the instant "clear portfolio" feature,
- place future strategy orders,
- carry out transactions at the press of a button, and
- stop, cancel and withdraw orders with a single button.

### YFTRADEFX

Yatırım Finansman's customers can perform their transactions in the Forex Market through YFTRADEFX, which is the world's most frequently used MetaTrader4-based trading platform. Customers can also access markets and their portfolios through their mobile devices, thanks to the related iPhone, iPad and Android applications.

Through the YFTRADEFX platform and mobile applications, investors have the opportunity to:

- instantly access their portfolios,
- use the YFTRADEFX platform with Turkish language support,
- receive profit/loss statements, transaction information and reports of previously performed transactions,
- monitor the market and trade, 24 hours a day, 5 days a week,
- trade quickly, reliably and easily,
- analyze the graphs of desired currency pairs,
- place their orders directly through an electronic environment without the need for a trading desk,
- use leverage ratios which are predetermined in line with investor preferences, and
- place mini lot and odd lot orders.

### Call Center / 444 11 44

The Call Center responds to the needs of those customers who do not possess the criteria required to receive investment consultancy or portfolio management services, but would like to perform their transactions over the telephone, rapidly and with no intermediary. By using their phones, customers are able to perform "Type B Liquid Fund" trading as well as stock trading.

### LEVERAGE PROVIDED BY THE GROUP SYNERGY

With the synergy created between Türkiye İş Bankası and TSKB, Yatırım Finansman's parent company, the Company has the ability to offer more integrated and effective services.

Yatırım Finansman predominantly serves individual customers but also forms the domestic sales network for TSKB, which serves its corporate customers.

TSKB's Fındıklı branch in Istanbul and its Ankara and Izmir branches serve as Yatırım Finansman's agencies.

Yatırım Finansman's customers can perform deposit and withdrawal transactions through Türkiye İş Bankası ATMs, while Türkiye İş Bankası customers who hold an account in the Company do not pay any fee for money transfers between accounts.

## INTERNAL AUDIT AND RISK MANAGEMENT

Changing economic and technological circumstances in a competitive environment that has become tougher with the march of globalization have raised the prominence of “corporate risk management” as a concept for companies aiming to achieve sustainable growth and development.

Companies that adopt this new approach deal with the “risk” concept, not as something to avoid, but as a subject that has to be managed. Effective and efficient management of risk, on the other hand, facilitates the protection of current assets and the creation of new opportunities.

Developments in capital markets have raised the needs and expectations of shareholders, legal authorities and other stakeholders, leading to a trend where risk management efforts have rapidly evolved and developed while increasingly becoming standardized on a global scale.

As Turkey’s first capital market institution and as a company that reflects the deeply rooted corporate cultures of Türkiye İş Bankası and TSKB and stands for “trust” in the eyes of investors at all times, Yatırım Finansman has adopted an effective risk management system that fits the conditions and requirements of the current time.

Risk Management Principles and Policies were set up by Yatırım Finansman’s Board of Directors in line with the Consolidated Risk Policies that include the principles determined by Türkiye İş Bankası for the creation and operation of the risk management function in all Group companies.

The risk management system that is applied within this framework aims to:

- pay attention to the risk-income-capital balance at all times;
- keep the level of effectiveness and quality of the Company’s activities under control and replace them, if necessary;
- establish and apply limits for these purposes; monitor and report determined limits; and
- determine the required decision-making and implementation processes.

Operating under Yatırım Finansman’s Board of Directors, the Risk Management Unit works independently of executive departments in the determination, identification, quantification, analysis, monitoring and reporting of loans risks, assets-liabilities management risks, market risks and operational risks.

### **Yatırım Finansman established an effective internal audit system which includes internal audit and inspection activities.**

Internal audit activities aim to ensure that all business processes and transactions undertaken by the Company, including its head office and branches, are executed in a proper, efficient and effective manner in line with the Company’s management strategy and policies and in accordance with the law, regulations and the Company’s own regulations; to enable the integrity and reliability of the account and registry order and to ensure to accurate and timely access of information in the data system; and to monitor all methods and principles applied by the Company in order to identify or prevent mistakes, fraud and irregularities.

Yatırım Finansman’s Inspection Committee Presidency carries out inspection activities independently of the Company’s day-to-day operations, undertaking the auditing all of activities and units of the Company, especially its internal audit system in line with the management’s needs, and the Company’s corporate structure and determining whether such activities and units comply with legislation and the Company’s corporate policies. Within this framework, the Committee:

- Performs analyses and collects and report evidence and findings that allow the Committee to evaluate the Company’s activities; fulfills its audit/security function;
- Contributes to all processes from the design to the implementation of projects, which are conducted for the Committee to fulfill its advisory function in accordance with international internal auditing standards.

## HUMAN RESOURCES AND CORPORATE COMMUNICATION - THE ARCHITECTS OF SUSTAINABLE PERFORMANCE

### Yatırım Finansman's Human Resources Policy

The primary target of Yatırım Finansman's human resources policy is to turn employee satisfaction into customer satisfaction by creating a happy working environment for a team of individuals who are trustworthy, loyal to ethical values, open to change and cooperation, customer-oriented, entrepreneurial, innovative and willing to participate, who set high and flexible objectives for themselves and who work with passion and determination to achieve these objectives.

To achieve this target, Yatırım Finansman acts in accordance with the following principles:

- to gain a qualified labor force
- to invest in the employees' development
- to increase motivation and loyalty
- to manage employees' performance

### Investing in human capital was one of the primary items on the agenda for 2012.

Believing that its professional workforce - who reflects change and grows stronger over time - represents the Company's most important asset in achieving its corporate strategic targets, Yatırım Finansman embarked on a number of significant investments in training and development activities for its human resources in 2012.

In 2012, Yatırım Finansman undertook its largest investment in its managers, who manage its human resources, in order to ensure that the change in its organizational structure is adopted by all of its employees. The Company successfully completed the Effective Human Resources Management Training and follow-up meetings, which were held with the participation of all of its managers.

Organized in two phases, the Product Training programs provided by Yatırım Finansman to investment consultants aimed to further improve technical capabilities.

The other two important training programs were the applied sales training, designed for the Company's sales team, and coaching training designed for managers who direct the sales processes.

Other important elements of our approach to investing in human capital can be listed as follows:

- to render the performance evaluation process more effective;
- to conduct new studies in order to associate performance results with other human resources processes, such as pay, career management, training and development;
- to design the necessary rewarding systems in order to increase employees' motivation through new practices and campaigns and to ensure that such motivation is reflected to their business results; and
- to set up an internal source of instructors.

Having hired new employees from a pool of new graduates and experienced candidates, Yatırım Finansman was serving investors with a team of 145 people as of December 31st, 2012.



## HUMAN RESOURCES AND CORPORATE COMMUNICATION - THE ARCHITECTS OF SUSTAINABLE PERFORMANCE

### Pay and additional benefits at Yatırım Finansman

At Yatırım Finansman, our pay policy is set up based on the performance system.

At Yatırım Finansman, pay is raised annually by taking into account employees' contributions to the Company's targets, their efforts to develop themselves and their duties/positions, while taking into account sector averages and the inflation rate.

Yatırım Finansman's sustainable performance was supported by a number of activities throughout the year. Highlights from such activities are as follows:

- An internal customer satisfaction survey was conducted in 2012.
- As a result of the attention paid and sensitivity shown by the Company to its pay policy, a sectoral study was performed. All collected findings were used in the determination of the Company's policy on pay.
- The Company worked on titles in line with its new organizational structure and opted for a plainer style for titles.
- The Company held competitions on a monthly basis by motivating its sales teams in an effort to improve their efficiency.
- The Company demonstrated the value it attaches to its employees through the "Branch of the Year" and seniority awards.
- A total of 39 new employees were hired by the Company in 2012.

### Corporate communication

Viewing corporate communication as a highly important factor that contributes to the competitive threshold in today's markets, in 2012, Yatırım Finansman:

- Informed its stakeholders on its operations and markets through press conferences;
- Organized systematic meetings with customers at various locations throughout Turkey;
- Focused on public relations and advertising and promotional efforts;
- Renewed all of its printed, visual and digital platforms in line with its changing corporate identity;
- Diversified its channels of communication with its stakeholders by gaining a presence in social media; and
- Renewed its website's interface and content in line with its new corporate identity.

*Having renewed its website in 2012, Yatırım Finansman diversified its channels of communication with its stakeholders by appearing in social media through its Twitter and Facebook accounts.*





## BOARD OF AUDITORS' REPORT

To the General Assembly of Yatırım Finansman Menkul Değerler A.Ş.

Company Name	Yatırım Finansman Menkul Değerler A.Ş.
Head Office	İstanbul
Capital	TL 61,000,000 - (sixty-one million)
Line of Activity	Brokerage in Capital Markets
Term of Office of Auditors	1 year
Auditors' Shareholding	None
Name, Address of Auditors	<p>Özgür Temel T. İş Bankası A.Ş. Capital Markets Division Unit Manager 4. Levent, İstanbul</p> <p>Ali Yavuz Özçiçek T. Sınai Kalkınma Bankası A.Ş. Capital Markets Department Head Fındıklı, İstanbul</p> <p>Tolga Sert T. Sınai Kalkınma Bankası A.Ş. Financial Control Group Manager Fındıklı, İstanbul</p>

Pursuant to Paragraphs 3 and 4 of Article 353 (1) of the Turkish Commercial Code no: 6762, Yatırım Finansman Menkul Değerler A.Ş. was audited four times during the year. As a result of these audit studies, the Company's inventories were found to be in conformity with its records and its books and records were found to be in compliance with the requirements of the Turkish Commercial Code and the Tax Procedure Law.

We have audited the accounts and transactions of the Company between December 31, 2011 and December 31, 2012, in accordance with the Turkish Commercial Code, the Company's Articles of Association, other applicable legislation, GAAP and GAAS.


In our opinion, the accompanying balance sheet as of December 31, 2012 presents accurately, in all material respects, the actual financial standing of the Company as of said date. The profit-and-loss statement for the period between December 31, 2011 and December 31, 2012 accurately reflects the actual operating results of said period and the dividend distribution proposal is in compliance with applicable laws and the Company's Articles of Association.

We submit the balance sheet and the profit-and-loss statement for your approval and request the release of the Board of Directors of their liabilities.

Board of Auditors



Özgür TEMEL



Ali Yavuz ÖZÇİÇEK



Tolga SERT

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012 WITH INDEPENDENT AUDITORS' REPORT THEREON

(Convenience Translation of Consolidated Financial Statements And Related Disclosures and Footnotes Originally Issued in Turkish)



**Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik A.Ş.**  
Kavacık Rüzgarlı Bahçe Mah.  
Kavak Sok. No: 3  
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 2012

#### Originally prepared and issued in Turkish (Note 2.1.1)

To the Board of Directors of

Yatırım Finansman Menkul Değerler Anonim Şirketi,

We have audited the accompanying consolidated financial statements of Yatırım Finansman Menkul Değerler Anonim Şirketi (the "Company") and its subsidiary as at 31 December 2012, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Financial Reporting Standards promulgated by Capital Markets Board of Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 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 the Independent Auditing Standards promulgated by Capital Markets Board of Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

#### Opinion

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of Yatırım Finansman Menkul Değerler Anonim Şirketi and its subsidiary as at 31 December 2012, and of their consolidated financial performance and their cash flows for the year then ended in accordance with the Financial Reporting Standards promulgated by Capital Markets Board of Turkey.

İstanbul

22 February 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM

Partner

#### Additional paragraph for convenience translation to English

As explained in Note 2.1.1, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in countries and jurisdictions other than Turkey.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

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

	Notes	Audited 31 December 2012	Audited 31 December 2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>545,223,511</b>	<b>542,580,206</b>
Cash and cash equivalents	3	380,931,703	355,282,140
Financial investments	4	17,055,000	10,773,083
Trade receivables	7	143,947,154	174,592,756
- Trade receivables from related parties	22	178,783	219,059
- Other trade receivables		143,768,371	174,373,697
Other receivables	8	169,648	96,732
Current tax assets	20	2,997,498	1,667,577
Other current assets	13	122,508	167,918
<b>NON-CURRENT ASSETS</b>		<b>13,089,801</b>	<b>12,080,154</b>
Financial investments	4	10,243,810	9,240,022
Tangible assets	9	1,502,360	903,073
Intangible assets	10	412,225	403,354
Deferred tax assets	20	931,406	1,533,705
<b>TOTAL ASSETS</b>		<b>558,313,312</b>	<b>554,660,360</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>488,706,502</b>	<b>488,221,842</b>
Financial liabilities	5	368,809,917	318,507,212
- Bank borrowings		120,818,789	--
- Payables to Stock Exchange Money Market		247,991,128	318,507,212
Other financial liabilities	6	167,928	4,142,155
Trade payables	7	117,264,490	162,936,976
Other payables	8	1,070,146	1,197,534
Current tax liabilities	20	6,644	7,164
Employee benefits	12	1,199,182	1,260,830
Other current liabilities	13	188,195	169,971
<b>NON-CURRENT LIABILITIES</b>		<b>1,436,180</b>	<b>1,376,756</b>
Employee benefits	12	1,436,177	1,376,753
Other non-current liabilities	13	3	3
<b>EQUITY</b>		<b>68,170,630</b>	<b>65,061,762</b>
Equity owned by parent company		68,158,547	65,050,742
- Paid-in capital	14	61,000,000	53,500,000
- Inflation adjustment to share capital		3,795	3,795
- Fair value reserves	14	822,374	564,449
- Restricted reserves	14	2,243,715	1,803,606
- Retained earnings	14	1,238,783	3,204,557
- Profit for the year		2,849,880	5,974,335
Non-controlling interest		12,083	11,020
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>558,313,312</b>	<b>554,660,360</b>

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

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

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

	Notes	Audited 1 January - 31 December 2012	Audited 1 January - 31 December 2011
<b>CONTINUING OPERATIONS</b>			
Sales revenue	15	2,163,345,409	2,529,457,078
Cost of sales	16	(2,143,784,374)	(2,505,320,995)
<b>GROSS PROFIT</b>		<b>19,561,035</b>	<b>24,136,083</b>
Selling and marketing expenses	17	(2,059,551)	(2,100,811)
General administrative expenses	17	(25,550,861)	(23,952,501)
Other operating income	18	1,250,837	798,411
Other operating expenses	18	(136)	(34,213)
<b>RESULT FROM OPERATING ACTIVITIES</b>		<b>(6,798,676)</b>	<b>(1,153,031)</b>
Finance income from other operating activities	19	63,727,559	63,943,675
Finance costs from other operating activities	19	(53,669,754)	(55,633,328)
<b>PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>		<b>3,259,129</b>	<b>7,157,316</b>
<b>Tax expense from continuing operations</b>			
- Current income tax expense	20	(6,644)	(1,855,123)
- Deferred tax (expense)/income	20	(401,542)	673,562
		<b>(408,186)</b>	<b>(1,181,561)</b>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>2,850,943</b>	<b>5,975,755</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit for the period from discontinued operations		--	--
<b>PROFIT FOR THE PERIOD</b>		<b>2,850,943</b>	<b>5,975,755</b>
<b>Other comprehensive income:</b>			
Net change in fair value reserve of financial assets		458,682	(1,211,961)
Income tax (expense)/income on other comprehensive income	20	(200,757)	307,931
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>		<b>257,925</b>	<b>(904,030)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,108,868</b>	<b>5,071,725</b>
<b>Total profit for the period attributable to:</b>			
Equity holders of the parent		2,849,880	5,974,335
Non controlling interest		1,063	1,420
<b>Profit for the period</b>		<b>2,850,943</b>	<b>5,975,755</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		3,107,805	5,070,305
Non controlling interest		1,063	1,420
<b>Total comprehensive income</b>		<b>3,108,868</b>	<b>5,071,725</b>

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

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

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

	Attributable to equity holders of the parent			
	Notes	Paid-in capital	Adjustment to share capital	Fair value reserve
<b>Balances at 1 January 2011</b>		<b>45,500,000</b>	<b>3,795</b>	<b>1,468,479</b>
<b><i>Total comprehensive income</i></b>				
Profit for the period		--	--	--
Net change in fair value of available-for-sale financial investments		--	--	(904,030)
<b>Total comprehensive income</b>		<b>--</b>	<b>--</b>	<b>(904,030)</b>
<b>Transactions with owners, recognised directly in equity</b>				
Transfer to retained earnings		--	--	--
Increase of non controlling interest in the subsidiary		--	--	--
Capital increase		8,000,000	--	--
Transfer to legal reserves		--	--	--
<b>Balances at 31 December 2011</b>		<b>53,500,000</b>	<b>3,795</b>	<b>564,449</b>
<b>Balances at 1 January 2012</b>		<b>53,500,000</b>	<b>3,795</b>	<b>564,449</b>
<b><i>Total comprehensive income</i></b>				
Profit for the period		--	--	--
Net change in fair value of available-for-sale financial investments		--	--	257,925
<b>Total comprehensive income</b>		<b>--</b>	<b>--</b>	<b>257,925</b>
<b>Transactions with owners, recognised directly in equity</b>				
Transfer to retained earnings		--	--	--
Capital increase	14	7,500,000	--	--
Transfer to legal reserves		--	--	--
<b>Balances at 31 December 2012</b>		<b>61,000,000</b>	<b>3,795</b>	<b>822,374</b>

## Attributable to equity holders of the parent

Legal reserves	Special reserves	Retained earnings	Profit for the year	Total equity owned by parent company	Non-controlling interest	Total
1,342,562	804	2,147,874	9,516,923	59,980,437	--	59,980,437
--	--	--	5,974,335	5,974,335	1,420	5,975,755
--	--	--	--	(904,030)	--	(904,030)
--	--	--	5,974,335	5,070,305	1,420	5,071,725
--	--	9,516,923	(9,516,923)	--	--	--
--	--	--	--	--	9,600	9,600
--	--	(8,000,000)	--	--	--	--
460,240	--	(460,240)	--	--	--	--
<b>1,802,802</b>	<b>804</b>	<b>3,204,557</b>	<b>5,974,335</b>	<b>65,050,742</b>	<b>11,020</b>	<b>65,061,762</b>
<b>1,802,802</b>	<b>804</b>	<b>3,204,557</b>	<b>5,974,335</b>	<b>65,050,742</b>	<b>11,020</b>	<b>65,061,762</b>
--	--	--	2,849,880	2,849,880	1,063	2,850,943
--	--	--	--	257,925	--	257,925
--	--	--	2,849,880	3,107,805	1,063	3,108,868
--	--	5,974,335	(5,974,335)	--	--	--
--	--	(7,500,000)	--	--	--	--
440,109	--	(440,109)	--	--	--	--
<b>2,242,911</b>	<b>804</b>	<b>1,238,783</b>	<b>2,849,880</b>	<b>68,158,547</b>	<b>12,083</b>	<b>68,170,630</b>

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

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

		Audited	Audited
	Notes	1 January- 31 December 2012	1 January- 31 December 2011
<b>Cash flows provided from operating activities</b>			
<b>Profit for the period</b>		<b>2,850,943</b>	<b>5,975,755</b>
<b>Adjustments for:</b>			
Depreciation	9	400,905	372,037
Amortisation	10	109,334	65,972
Provision expense for severance pay liability	12	432,818	317,835
Provision for vacation pay liability	12	150,060	193,819
Bonus provision	12	648,444	625,000
Interest received from loan customers	15	(3,258,744)	(3,207,533)
Finance income from other operating activities (excluding foreign exchange gains)	19	(63,727,559)	(24,312,075)
Finance costs from other operating activities (excluding foreign exchange losses)	19	30,729,583	55,633,328
Unrealised foreign exchange gains		(210,922)	(4,479,562)
Income tax expense	20	6,644	1,855,123
Deferred tax expense/(income)	20	401,542	(673,562)
<b>Cash generated from operating activities before changes in equity</b>		<b>(31,466,952)</b>	<b>32,366,137</b>
Change in financial assets except for held-to-maturity		(6,874,943)	5,228,954
Change in trade receivables		30,645,602	(45,174,489)
Change in other assets and other receivables		(27,506)	(60,374)
Change in trade payables		(45,672,486)	48,525,352
Change in customer assets in cash and cash equivalents	3	(16,914)	(887,509)
Change in other liabilities and other payables		(109,164)	(121,857)
Net cash outflow from derivative transactions		36,619,910	(24,462,600)
Taxes paid		(1,337,085)	(3,114,419)
Payment of bonus premium		(625,000)	--
Payment of severance pay liability	12	(373,394)	(132,928)
Payment of vacation pay liability	12	(235,152)	(167,681)
<b>Net cash (used in)/provided from operating activities</b>		<b>(19,473,084)</b>	<b>11,998,586</b>
<b>Cash flows from investing activities</b>			
Proceeds from the disposal of held-to-maturity financial investments		--	5,496,491
Acquisitions of tangible assets	9	(1,020,134)	(108,739)
Proceeds from the sale of tangible fixed assets		19,942	4,059
Acquisitions of intangible assets	10	(118,205)	(42,447)
Interest and similar income received		24,939,990	29,429,627
Dividend received		683,235	743,320
<b>Net cash provided from investment activities</b>		<b>24,504,828</b>	<b>35,522,311</b>
<b>Cash flows from financing activities</b>			
Financial liabilities, net		49,456,394	(39,029,218)
Commission paid	19	(1,020,237)	(977,343)
Interest and similar expenses paid		(28,863,035)	(24,699,272)
<b>Net cash flows provided from/(used in) financing activities</b>		<b>19,573,122</b>	<b>(64,705,833)</b>
<b>Net change in cash and cash equivalents</b>		<b>24,604,866</b>	<b>(17,184,936)</b>
Effect of change in exchange rate fluctuations on cash and cash equivalents		254,471	4,479,562
Cash and cash equivalents at the beginning of the period	3	351,439,664	364,145,038
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>376,299,001</b>	<b>351,439,664</b>

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



## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### 1. ORGANISATION AND OPERATIONS OF THE GROUP

Yatırım Finansman Menkul Değerler Anonim Şirketi (the “Company”) operates in Turkey and the address of the registered head office is Nispetiye Caddesi Akmerkez Floor E 3-4, Etiler/İstanbul. The Company started its operations on 25 October 1976. Türkiye Sınai Kalkınma Bankası Anonim Şirketi (“TSKB”) owns 95,78% of the Company’s shares and it has been operating under Türkiye İş Bankası Anonim Şirketi Group.

The Company’s shares are not traded in the Istanbul Stock Exchange.

The Company performs capital market activities in accordance with the Articles of Association and Capital Markets Law numbered 2499. The purpose of the Company is to perform capital market activities in accordance with the Articles of Association and Capital Markets Law numbered 2499. In this respect, the Company performs the following services for its clients; brokerage activities of the capital market instruments that were offered to the public before or sales to investors of the initially offered capital markets instruments and the trading of such securities during public offering, trading of marketable securities with repurchase or sale commitments, portfolio management, investment advisory, margin trading short-selling, borrowing-lending and acting as an intermediary and custodian for the purchase and sale of derivative instruments.

The Company has the following certificates of authorisation from Capital Market Boards of Turkey (“CMB”):

- Intermediation for public offering
- Intermediation for trading in securities
- Portfolio management
- Investment advisory
- Certificate for purchase and sales of derivative transactions
- Repurchase agreements and reverse repo
- Leveraged trading transactions

As per the Board of Directories’ resolution no. 1494 dated on 18 March 2011, the Company participates in the establishment of Sürdürülebilir Danışmanlık Anonim Şirketi (the “Subsidiary”) with a paid in capital of TL 230,400 representing 96% of all subsidiary’s shares. The Subsidiary was registered at Turkey Trade Registry with a capital of TL 240,000 for operating in evaluation of energy projects, sustainable environment management, environmental analyses and started its operations on 1 April 2011.

The Company and the Subsidiary are together referred to as “the Group” herein and after.

As at 31 December 2012, the Group operates with 13 branches and 1 agency (31 December 2011: 11 branches and 1 agency.)

As at 31 December 2012, the Group has 147 employees (31 December 2011: 134).

### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

#### 2.1. Basis of presentation

##### 2.1.1. Statement of compliance

The Group maintains their books of accounts and prepares their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”) and the accounting principles issued by CMB.

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As at 31 December 2012, the Group prepared its consolidated financial statements in accordance with the communiqué Serial: XI, No: 29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué XI-29") promulgated by CMB, which is published at 9 April 2008 in the Official Gazette numbered 26842. The companies, which reports in accordance with financial reporting standards of CMB, are required to prepare their financial statements in accordance with Paragraph 5 of the Communiqué XI-29 which refers to International Accounting Standards ("IAS")/International Financial Reporting Standards ("IFRS"), which were endorsed by European Union.

However, until Turkish Accounting Standards Board ("TASB") publishes the differences between the European Union accepted IAS/IFRS and International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), IAS/IFRS has to be applied by the companies in the application of the Paragraph 5 based on temporary Paragraph 2 of the Communiqué. Within the above mentioned scope, the Company prepared the consolidated financial statements as at and for the year ended 31 December 2012 in accordance with IAS/IFRS as accepted IASB.

Per decree No 660 published in the Official Gazette dated 2 November 2011 and became effective, additional article 1 of the Law numbered 2499 on establishment of TASB have been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Authority (the "Association") has been decided by the Council of Ministers. In accordance with the first temporary article of the decree, currently effective standards and regulations will prevail until related standards and regulations will be issued by the Association become effective.

Therefore, the accompanying consolidated financial statements and their notes are prepared in accordance with Communiqué XI-29 based on the Turkish Accounting/Financial Reporting Standards ("TAS/IFRS") and are presented consistent with the reporting format issued by CMB.

As per the 17 March 2005 dated and 11/367 numbered resolution of the CMB, it was decided that the application of inflation accounting is no longer required for the companies operating in Turkey and preparing the consolidated financial statements in accordance with the CMB Accounting Standards beginning from 1 January 2005. Therefore, starting from 1 January 2005, "Financial Reporting in Hyperinflationary Economies" (TAS/IAS 29), has not been applied in the consolidated financial statements.

### ***Approval of consolidated financial statements***

The consolidated financial statements were approved by the Company management for the presentation to the Board of Directors on 22 February 2013. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly and the related governmental institutions.

### ***Additional paragraph for convenience translation to English***

The differences between the accounting principles promulgated by the CMB, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and the International Financial Reporting Standards have influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

### ***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.

## **YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

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

### **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.

### **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 consolidated financial statement items change, the prior year 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 valuation principles and accounting policies have been applied consistently to all periods presented in these consolidated financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated. If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

### **2.3. Accounting estimates**

The preparation of consolidated financial statements in conformity with Communiqué XI-29 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Group has not significant accounting estimates affecting the consolidated financial statements in the future periods.

### **2.4. New standards and interpretations not yet adopted as at 31 December 2012**

#### **2.4.1. Standards, amendments and interpretations to existing standards effective in 2012**

The Group applied all of the relevant and required standards promulgated by IASB and the interpretations of IASB as at 31 December 2012.

#### **2.4.2. New standards and interpretations not yet adopted as at 31 December 2012**

As at 31 December 2012, there are new standards, amendments and interpretations which are not yet effective and are not early adopted by the Group in preparing the accompanying consolidated financial statements. Except for the below mentioned standards and interpretations, these new standards and interpretations do not cause significant effect on the accompanying consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement* replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance and becomes effective for annual periods beginning on or after 1 January 2013.

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IAS 27 *Separate Financial Statements (2011)* supersedes IAS 27 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 *Investments in Associates and Joint Ventures (2011)* supersedes IAS 28 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.

Amendments to IAS 19 *Employee Benefits* include changes in the accounting of defined benefit plans. The amendments are effective for annual periods beginning on or after 1 January 2013.

IFRS 9, "Financial instruments", published by TASB as part of a broad project to replace TAS 39 "Financial Instruments: Recognition and measurement", deals with classification and measurement of financial assets. Per IFRS 9, the first phase of this project, aims to provide useful and relevant information to provide the parties using of the financial statements to make their own assessment about the uncertainty, terms and amount of the future cash flows of businesses by forming the principles related to reporting financial assets. IFRS 9 contains two primary measurement categories for financial assets: financials assets at amortised cost and financial assets at fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows that are solely the payments of principal and interest on principal outstanding. All other financial assets would be measured at fair value. It is noticed that the applications in IAS 39 for the hedge accounting and impairment of the financials assets will be retained.

IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.

### 2.5. Summary of significant accounting policies

The significant accounting policies used in preparing the consolidated financial statements are described below.

#### 2.5.1. Basis of consolidation

##### **Subsidiaries**

Subsidiaries are entities controlled by the Company that has control authority on the transaction of those entities directly or indirectly. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The net asset of the consolidated subsidiary attributable to the non controlling interests is determined separately from those attributable to parent company. Each component of the profit or loss and comprehensive income are allocated to parent company and non controlling interests. Losses are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Company.

##### **Transactions eliminated on consolidation**

The statement of financial position and comprehensive income of the company included to the consolidation are consolidated based on the "full consolidation method" and the investment recognised in the company's assets has been netted off with its interest in equity of the subsidiary. The interests in the net assets of the subsidiary, that are not attributable to the parent company directly or indirectly, are classified as "non controlling interest" in the consolidated statement of financial position. Similarly, the net income or loss for the period, that is not attributable to the parent company directly or indirectly, is classified as "non controlling interest" in the consolidated statement of comprehensive income. Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

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### 2.5.2. 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 15), interests received from time deposits are presented in "Finance income from other operating activities" (Note 19).

**-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 lendd under reverse repurchase agreements:** The terms of funds lendd 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.

For the year ended on 31 December 2012, the Subsidiary's income from its operations during the year is recognised under "other operating income".

### 2.5.3. 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.

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The estimated useful lives of tangible assets are as follows:

Tangible asset	Estimated useful life (Year)	Depreciation rate (%)
Vehicles	5	20%
Furniture and fixtures	4-5	20% - 25%
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.

### **2.5.4. Intangible assets**

Intangible assets are comprised of information technologies and computer 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 3-5 years from the date of acquisition.

### **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, held-to-maturity financial assets 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.

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### ***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.

### ***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.

### ***Held-to-maturity financial assets***

Held-to-maturity financial assets consist of such financial assets held by the Group with the positive intent and ability to hold debt securities with fixed or determinable payments and fixed maturity to maturity. Held-to-maturity financial assets are recognised at the settlement date. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method less and impairment losses. Premiums and discounts including the initial transaction costs are recognised in the cost of the relevant financial instrument and discounted using the effective interest rate.

### ***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.



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### ***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.

### ***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.



## **YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **2.5.7. Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of 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.

### **2.5.9. 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 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.

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### ***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.

### ***2.5.14. 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 consolidated 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.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### 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.

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. 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.

## 3. CASH AND CASH EQUIVALENTS

As at 31 December 2012 and 2011, cash and cash equivalents are as follows:

	31 December 2012	31 December 2011
Cash on hand	52,705	67,243
Banks-Demand deposits	3,410,188	4,383,738
Banks-Time deposits	377,224,979	350,554,613
Receivables from reverse repurchase agreements	199,296	272,978
Investment funds (Type B liquid)	44,535	3,568
<b>Cash and cash equivalents on statement of financial position</b>	<b>380,931,703</b>	<b>355,282,140</b>
Interest accruals on cash and cash equivalents	(1,629,908)	(856,596)
Customer assets	(3,002,794)	(2,985,880)
<b>Cash and cash equivalents statement of cash flows</b>	<b>376,299,001</b>	<b>351,439,664</b>

As at 31 December 2012 and 2011, there is no blockage on bank deposits.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### Banks-Time deposits

The details of time deposits as of 31 December 2012 and 2011 are as follows:

	Amount	Interest rate (%)	Maturity
<b>31 December 2012</b>			
TL	352,471,613	8.00 - 8.65	2 January - 21 March 2013
Euro	24,753,366	3.10 - 3.90	10 - 11 January 2013
<b>31 December 2011</b>			
TL	251,660	11.00	3 January 2012
US Dollar	350,302,953	5.20 - 6.00	9 January-3 February 2012

### Receivables from reverse repurchase agreements

As at 31 December 2012 and 2011, receivables from reserve repurchase agreements are as follows:

	Interest rate (%)	Maturity	Cost	Carrying value
<b>31 December 2012</b>				
TL	4.75	2 January 2013	199,270	199,296
<b>31 December 2011</b>				
TL	8.50 - 9.35	2 January 2012	272,838	272,978

See note 23 "Nature and level of risks related to financial instruments" for analysis of the nature of the risk and the level of cash and cash equivalents.

## 4. FINANCIAL INVESTMENTS

As at 31 December 2012 and 2011, details of financial investments are as follows:

	31 December 2012	31 December 2011
<b>Current financial assets</b>		
Financial assets at fair value through profit or loss	17,055,000	10,773,083
	<b>17,055,000</b>	<b>10,773,083</b>
<b>Non-current financial assets</b>		
Available-for-sale financial assets	10,243,810	9,240,022
	<b>10,243,810</b>	<b>9,240,022</b>
<b>Total</b>	<b>27,298,810</b>	<b>20,013,105</b>

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### *Financial assets at fair value through profit or loss*

As at 31 December 2012 and 2011, details of financial assets at fair value through profit or loss are as follows:

	Nominal value	Carrying value	Interest rate (%)
<b>31 December 2012</b>			
Government bonds	7,529,586	7,553,639	5.94-7.99
Private sector bonds and notes	4,967,000	5,114,738	10.10-12.04
Equity securities	422,067	2,570,044	--
Investment funds	353,479	150,433	--
Foreign securities	320,000	730,296	7.00
Commercial Papers	1,000,000	935,850	9.09
<b>Total</b>	<b>14,592,132</b>	<b>17,055,000</b>	

<b>31 December 2011</b>			
Government bonds	7,081,264	6,903,002	8.37-25.90
Private sector bonds and notes	1,525,767	1,556,802	8.28-12.54
Derivative financial instruments (Note 6)	--	1,101,570	--
Foreign securities	320,000	689,337	7.00
Investment funds	11,417,216	469,822	--
Bank bills	29,705	29,525	9.88
Equity securities	4,880	23,025	--
<b>Total</b>	<b>20,378,832</b>	<b>10,773,083</b>	

As at 31 December 2012, the government bond and treasury bills with a carrying value of TL 7,964,982 (31 December 2011: TL 6,877,933) and nominal value of TL 7,525,004 (31 December 2012: TL 6,640,004) are pledged as collateral as detailed below:

	Nominal value	Carrying value
<b>31 December 2012</b>		
Central Bank of the Republic of Turkey	6,190,000	6,221,868
Istanbul Stock Exchange Stock and Bonds and Bills Market	1,000,004	997,939
Stock Exchange Money Market	320,000	730,296
Turkish Derivatives Exchange ("TDE")	15,000	14,879
<b>Total</b>	<b>7,525,004</b>	<b>7,964,982</b>

<b>31 December 2011</b>		
Central Bank of the Republic of Turkey	5,490,000	5,367,626
Istanbul Stock Exchange Stock and Bonds and Bills Market	815,004	806,467
Stock Exchange Money Market	320,000	689,337
Turkish Derivatives Exchange ("TDE")	15,000	14,503
<b>Total</b>	<b>6,640,004</b>	<b>6,877,933</b>

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### Available-for-sale financial assets

As at 31 December 2012 and 2011, available-for-sale financial assets are as follows:

	31 December 2012	31 December 2011
<b>Long term</b>		
Equity securities	10,243,810	9,240,022
<b>Total</b>	<b>10,243,810</b>	<b>9,240,022</b>

As at 31 December 2012 and 2011, equity investments are as follows:

	Ownership rate (%)	31 December 2012	Ownership rate (%)	31 December 2011
<b>Listed entities</b>				
İş Yatırım Ortaklığı AŞ <sup>(*)</sup>	1.13	2,089,677	--	--
TSKB Yatırım Ortaklığı AŞ <sup>(*)</sup>	--	--	7.01	1,445,889
TSKB Gayrimenkul Yatırım Ortaklığı AŞ <sup>(**)</sup>	1.33	1,540,000	1.33	1,180,000
<b>Unlisted entities</b>				
İş Portföy Yönetimi AŞ	4.90	2,025,892	4.90	2,025,892
İMKB Takas ve Saklama Bankası AŞ	1.80	4,583,440	1.80	4,583,440
Terme Metal Sanayi Ticaret AŞ	0.94	931,948	0.94	931,948
TSKB Gayrimenkul Değerleme AŞ	0.00	1	0.00	1
TSKB Gayrimenkul Aracılık Hizmetleri AŞ	1.00	2,400	1.00	2,400
TSKB Gayrimenkul Danışmanlık Hizmetleri AŞ	1.00	2,400	1.00	2,400
Yıfaş Yeşilyurt Tekstil Sanayi ve Ticaret AŞ	0.23	159,987	0.23	159,987
		<b>11,335,745</b>		<b>10,331,957</b>
Impairment on financial assets <sup>(***)</sup>		(1,091,935)		(1,091,935)
<b>Total</b>		<b>10,243,810</b>		<b>9,240,022</b>

<sup>(\*)</sup> Following the completion of registry procedures in regards to the merger of TSKB Yatırım Ortaklığı AŞ and İş Yatırım Ortaklığı AŞ, all of the shares of TSKB Yatırım Ortaklığı AŞ held by the Company have been converted into İş Yatırım Ortaklığı shares (1 unit TSKB Yatırım Ortaklığı AŞ share is equal to 0.892287 İş Yatırım Ortaklığı AŞ share merger ratio). As at the reporting date, the shares held in İş Yatırım Ortaklığı AŞ are recognised as financial assets available-for-sale at the fair value of as of 31 December 2012.

<sup>(\*\*)</sup> On the Board of Directors resolution of TSKB Gayrimenkul Yatırım Ortaklığı AŞ dated 2 February 2010, the paid in capital has been increased by TL 50,000,000 to TL 150,000,000 and the shares representing TL 50,000,000 of these capital increase has been subject to the public offering by limiting the preference right of the existing shareholders. The initial public offered shares classified as C Group with a nominal value of TL 50,000,000 (TL 57,500,000 with additional sale) as a result of the capital increase of TSKB Gayrimenkul Yatırım Ortaklığı AŞ by 50% have been registered by CMB with a number GYO 60/250 on 25 March 2010. The public offering of these shares has been occurred on 1 and 2 April 2010 and the shares are traded in Istanbul Stock Exchange from the date on 9 April 2010.

<sup>(\*\*\*)</sup> As at 31 December 2012, the Group has made an impairment provision amounting to TL 1,091,935 (31 December 2011: TL 1,091,935) for its investments in Terme Metal Sanayi Ticaret AŞ and Yıfaş Yeşilyurt Tekstil Sanayi ve Ticaret AŞ, respectively.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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### Financial assets measured at cost that are not traded in an active market

Investments in equity securities amounting to TL 2,030,693 (31 December 2011: TL 2,030,693) are measured at cost less impairment, if any, as these equity securities are not traded in stock exchange and have no quoted market price, and their fair value may not be estimated as their expected value interval is wide and the probability of the expected values of these financial assets may not be measured reliably.

### Held-to-maturity financial assets

As at 31 December 2012, the Company does not hold any held-to-maturity assets since the Company has sold its held-to-maturity classified securities in a total nominal value of TL 3,175,000 before their maturity on 26 September 2012 and 28 August 2013 and its government bonds in nominal value of TL 2,000,000 has matured at 19 January 2011. Since the Company has sold a significant portion of its securities classified in held-to-maturity portfolio, the Group cannot classify its financial assets as held-to-maturity securities for two reporting periods for requirements of the TAS 39 - Financial Instruments: Accounting and Valuation Standard.

## 5. FINANCIAL LIABILITIES

As at 31 December 2012 and 2011, financial liabilities of the Group are as follows:

	31 December 2012	31 December 2011
<b><u>Current financial liabilities:</u></b>		
Short term bank loans	120,818,789	--
Payables to Stock Exchange Money Market	247,991,128	318,507,212
<b>Total financial liabilities</b>	<b>368,809,917</b>	<b>318,507,212</b>

As at 31 December 2012 and 2011, bank loans and payables to Stock Exchange Money Market are as follows:

<b>31 December 2012</b>			
Currency	Interest rate (%)	Amount (TL)	Maturity
<b><u>Payables to Stock exchange money market</u></b>			
TL	5.70 - 6.45	247,991,128	2 January-4 February 2013
<b><u>Bank loans</u></b>			
TL	6.25	10,001,823	2 January 2013
TL	6.75	82,678,664	2 January 2013
TL	7.10	14,078,277	9 January 2013
TL	7.00	14,060,025	11 January 2013
<b>Total bank loans</b>		<b>120,818,789</b>	
<b>Total financial liabilities</b>		<b>368,809,917</b>	

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

31 December 2011			
Currency	Interest rate (%)	Amount (TL)	Maturity
<b>Payables to Stock exchange money market</b>			
TL	10.40-11.80	318,507,212	2 January- 3 February 2012
<b>Total financial liabilities</b>		<b>318,507,212</b>	

See note 23 for analysis of the nature and level risks in financial liabilities "Nature and level of risks related to financial instruments".

#### 6. OTHER FINANCIAL LIABILITIES

As at 31 December 2012 and 2011, other financial liabilities of the Group are as follows:

	31 December 2012	31 December 2011
Liabilities from derivative financial instruments	167,928	4,142,155
<b>Total</b>	<b>167,928</b>	<b>4,142,155</b>

As at 31 December 2012, the Group's commitments for the derivative transactions are as follows:

Derivative instrument description	31 December 2012							
	Short position				Long position			
	Nominal amount	Type	Nominal (TL)	Fair value (TL)	Nominal amount	Type	Nominal (TL)	Fair value (TL)
<b>TL/Foreign currency</b>								
Foreign currency swap agreement	5,500,000	Euro	12,934,350	(143,503)	--	--	--	--
Foreign currency swap agreement	5,000,000	Euro	11,758,500	(24,425)	--	--	--	--
<b>Total</b>	<b>10,500,000</b>		<b>24,692,850</b>	<b>(167,928)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

As of 31 December 2012, the fair value decrease difference resulting from derivative instruments amounting to TL 167,928 is recognised within other financial liabilities resulting from derivative instruments in the accompanying consolidated financial statements.



## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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As at 31 December 2011, the Group's commitments for the derivative transactions are as follows:

Derivative instrument description TL/Foreign currency	31 December 2011							
	Short position				Long position			
	Nominal amount	Type	Nominal (TL)	Fair value (TL)	Nominal amount	Type	Nominal (TL)	Fair value (TL)
Currency swap agreement	16,000,000	US Dollar	30,222,400	(777,135)	--	--	--	--
Currency swap agreement	12,000,000	US Dollar	22,666,800	(567,738)	--	--	--	--
Currency swap agreement	10,000,000	US Dollar	18,889,000	(518,040)	--	--	--	--
Currency swap agreement	10,000,000	US Dollar	18,889,000	(491,094)	--	--	--	--
Forward agreement	10,000,000	US Dollar	18,889,000	(491,094)	--	--	--	--
Forward agreement	8,000,000	US Dollar	15,111,200	(399,039)	--	--	--	--
Currency swap agreement	10,000,000	US Dollar	18,889,000	(375,101)	--	--	--	--
Forward agreement	5,000,000	US Dollar	9,444,500	(245,018)	--	--	--	--
Forward agreement	4,000,000	US Dollar	7,555,600	(145,892)	--	--	--	--
Forward agreement	2,000,000	US Dollar	3,777,800	(73,020)	--	--	--	--
Forward agreement	10,000,000	US Dollar	18,889,000	(35,798)	--	--	--	--
Forward agreement	4,000,000	US Dollar	7,555,600	(14,410)	--	--	--	--
Forward agreement	2,000,000	US Dollar	3,777,800	(5,856)	--	--	--	--
Forward agreement	5,000,000	US Dollar	9,444,500	(2,920)	--	--	--	--
Forward agreement	15,000,000	US Dollar	28,333,500	418,545	--	--	--	--
Forward agreement	19,000,000	US Dollar	35,889,100	313,092	--	--	--	--
Forward agreement	11,000,000	US Dollar	20,777,900	139,643	--	--	--	--
Forward agreement	5,000,000	US Dollar	9,444,500	139,515	--	--	--	--
Currency swap agreement	17,000,000	US Dollar	32,111,300	81,059	--	--	--	--
Currency swap agreement	10,000,000	US Dollar	18,889,000	9,716	--	--	--	--
<b>Total</b>	<b>185,000,000</b>		<b>349,446,500</b>	<b>(3,040,585)</b>	--	--	--	--

As of 31 December 2011, the net fair value decrease difference resulting from derivative instruments amounting to TL 3,040,585 is recognised in the consolidated financial statements as assets from derivative financial instruments amounting to TL 1,101,570 within the financial assets at fair value through profit or loss and liabilities from derivative financial instruments within other financial liabilities amounting to TL 4,142,155.

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### 7. TRADE RECEIVABLES AND PAYABLES

#### Trade receivables

##### Short term trade receivables

As at 31 December 2012 and 2011, short term trade receivables of the Group are as follows:

	31 December 2012	31 December 2011
Receivables from customers	112,214,987	154,826,954
Receivables from loan customers	30,783,495	14,868,087
Receivables from clearing and settlement services ("Takasbank") <sup>(*)</sup>	732,651	4,609,642
Doubtful trade receivables <sup>(**)</sup>	413,249	577,085
Provision for doubtful trade receivables	(413,249)	(577,085)
Receivables from related parties <sup>(***)</sup>	178,783	219,059
Other trade receivables	37,238	69,014
<b>Total</b>	<b>143,947,154</b>	<b>174,592,756</b>

<sup>(\*)</sup> The trade order of the Company's customer, Lehman Brothers International Europe, has been performed by the Company as at 12 September 2008 as Lehman Brothers Holding Company filed for bankruptcy. Lehman Brothers Holding Company filed for bankruptcy on 15 September 2008 and was not able to fulfill its settlement obligation on the settlement date which was 16 September 2008. As a result, cash debts from purchase transactions and stock debts from sales transactions had occurred in the customer's accounts. Due to the non-performance of fulfilling the settlement obligation by the customer, the Company made sales at the falling market prices on the same day in order to recover its cash debts and made purchases in order to recover its stock debts. As a result of these transactions, legal action has been taken for the loss of TL 542,873 which incurred in the customer account and provision for this loss has been made and recognised under other operating expenses. Legal process still continues as of the reporting date. On 3 December 2012, the Company received 57,136 British Pound return in equivalent to 163,836 TL.

<sup>(\*\*)</sup> The Group's receivable from MF Global related to the non-collectable commission income in amounting to US Dollar 18,112 (equivalent to TL 34,212) is reclassified to the doubtful receivable account with its allowance.

<sup>(\*\*\*)</sup> Receivables from related parties consist of the management fee accruals of the investment funds managed by the Group and agency commission receivables from the investment funds managed by TSKB.

As at 31 December 2012, the average interest rate applied to the loan customers is 15.92% (31 December 2011: 15.29%).

As at 31 December 2012 and 2011, short term customer receivables of the Group are as follows:

	31 December 2012	31 December 2011
Receivables from Stock Exchange Money Market transactions	43,785,000	102,102,000
Receivables from customers for the purchases of equity shares and warrant transactions <sup>(*)</sup>	62,211,216	43,135,875
Customer receivables from TDE	5,810,576	9,502,422
Receivables related to leveraged transactions	213,805	--
Other receivables from customers <sup>(**)</sup>	194,390	86,657
<b>Total</b>	<b>112,214,987</b>	<b>154,826,954</b>

<sup>(\*)</sup> Consists of clearing receivables from marketable security transactions of the Company's customers made on 28 and 31 December (31 December 2011: 29 and 30 December).

<sup>(\*\*)</sup> Other receivables from customers consist of commissions of customer transactions and default receivables.

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

### **Long term trade receivables**

As at 31 December 2012 and 2011, the Group has not any long term trade receivables.

### **Trade payables**

#### **Short term trade payables**

As at 31 December 2012 and 2011, short term trade payables of the Group are as follows:

	31 December 2012	31 December 2011
Payables to customers	117,264,490	162,936,976
<b>Total</b>	<b>117,264,490</b>	<b>162,936,976</b>

As at 31 December 2012 and 2011, the details of the Group's short term customer payables are as follows:

	31 December 2012	31 December 2011
Payables to customers related to the Stock Exchange Money Market transactions	43,785,000	102,102,000
Payables to customers for the equity share and warrant transactions <sup>(*)</sup>	62,211,215	47,158,311
Customer clearing payables for forward transactions	5,810,576	9,502,422
Customer accounts	3,002,794	2,985,880
Other payables to customers	2,454,905	1,188,363
<b>Total</b>	<b>117,264,490</b>	<b>162,936,976</b>

<sup>(\*)</sup> Consists of clearing payables from marketable securities transactions of the Company's customers made on 28 and 31 December (31 December 2011: 29 and 30 December).

### **Long term trade payables**

As at 31 December 2012 and 2011, the Group has not any long term trade payables.

See note 23 "Nature and level of risks related to financial instruments" for analysis of the nature of the risk and the level of trade receivables and payables.

## **8. OTHER RECEIVABLES AND PAYABLES**

### **Short term other receivables**

As at 31 December 2012 and 2011, short term other trade receivables of the Group are as follows:

	31 December 2012	31 December 2011
Deposits and guarantees given	169,648	96,732
<b>Total</b>	<b>169,648</b>	<b>96,732</b>

As at 31 December 2012 and 2011, the deposits consist of guarantees given by the Group for its brokerage activities in TDE.

### **Long term other receivables**

As at 31 December 2012 and 2011, the Group has not any long term other receivables.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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### Short term other payables

As at 31 December 2012 and 2011, short term other payables of the Group are as follows:

	31 December 2012	31 December 2011
Taxes and dues payable (*)	873,049	1,039,438
Social security premiums payable	197,097	158,096
<b>Total</b>	<b>1,070,146</b>	<b>1,197,534</b>

(\*) Consists of withholding tax paid amounting to TL 410,661 on behalf of customers (31 December 2011: TL 489,349).

### Long term other payables

As at 31 December 2012 and 2011, the Group has not any long term other payables.

## 9. TANGIBLE ASSETS

For the years ended 31 December 2012 and 2011, the movement of the tangible assets are as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Total
<b>Cost</b>				
Opening balance, 1 January 2011	217,350	5,422,013	4,387,364	10,026,727
Additions	--	93,340	15,399	108,739
Disposals	(89,348)	--	--	(89,348)
<b>Ending balance, 31 December 2011</b>	<b>128,002</b>	<b>5,515,353</b>	<b>4,402,763</b>	<b>10,046,118</b>
Opening balance, 1 January 2012	128,002	5,515,353	4,402,763	10,046,118
Additions	119,150	339,351	561,633	1,020,134
Disposals	(108,782)	--	--	(108,782)
<b>Ending balance, 31 December 2012</b>	<b>138,370</b>	<b>5,854,704</b>	<b>4,964,396</b>	<b>10,957,470</b>
<b>Accumulated depreciation</b>				
Opening balance, 1 January 2011	171,593	4,701,276	3,983,428	8,856,297
Current year charge	21,757	207,757	142,523	372,037
Disposals	(85,289)	--	--	(85,289)
<b>Ending balance, 31 December 2011</b>	<b>108,061</b>	<b>4,909,033</b>	<b>4,125,951</b>	<b>9,143,045</b>
Opening balance, 1 January 2012	108,061	4,909,033	4,125,951	9,143,045
Current year charge	19,858	217,400	163,647	400,905
Disposals	(88,840)	--	--	(88,840)
<b>Ending balance, 31 December 2012</b>	<b>39,079</b>	<b>5,126,433</b>	<b>4,289,598</b>	<b>9,455,110</b>
<b>Net book value</b>				
1 January 2011	45,757	720,737	403,936	1,170,430
31 December 2011	19,941	606,320	276,812	903,073
31 December 2012	99,291	728,271	674,798	1,502,360

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### 10. INTANGIBLE ASSETS

For the years ended 31 December 2012 and 2011, the movement of the intangible assets are as follows:

	<b>Software</b>
<b>Cost</b>	
Opening balance, 1 January 2011	577,471
Additions	42,447
<b>Ending balance, 31 December 2011</b>	<b>619,918</b>
Opening balance, 1 January 2012	619,918
Additions	118,205
<b>Ending balance, 31 December 2012</b>	<b>738,123</b>
<b>Accumulated amortisation</b>	
Opening balance, 1 January 2011	150,592
Current year charge	65,972
<b>Ending balance, 31 December 2011</b>	<b>216,564</b>
Opening balance, 1 January 2012	216,564
Current year charge	109,334
<b>Ending balance, 31 December 2012</b>	<b>325,898</b>
<b>Net book value</b>	
1 January 2011	426,879
31 December 2011	403,354
31 December 2012	412,225

### 11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2012 and 2011, letters of guarantee and promissory notes given by the Group are as follows:

	<b>31 December 2012</b>	<b>31 December 2011</b>
Stock Exchange Money Market	312,100,000	405,675,000
Istanbul Stock Exchange	8,963,500	9,816,130
Capital Markets Board of Turkey	2,101,776	2,101,776
TDE	500,000	500,000
Guarantees given for warrant transactions	--	500,000
Other letters of guarantee	54,819	11,818
<b>Total</b>	<b>323,720,095</b>	<b>418,604,724</b>

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For the years ended 31 December 2012 and 2011, commitments of reverse repurchase agreements are as follows:

	31 December 2012	31 December 2011
Commitments of reverse repurchase agreements	199,654	280,186
<b>Total</b>	<b>199,654</b>	<b>280,186</b>

### 12. EMPLOYEE BENEFITS

As at 31 December 2012 and 2011, the details of employee benefits are as follows:

#### *Short term employee benefits*

	31 December 2012	31 December 2011
Vacation pay liability	550,738	635,830
Bonus provision	648,444	625,000
<b>Total</b>	<b>1,199,182</b>	<b>1,260,830</b>

In accordance with the existing social legislation, the Group is required to make payment against the unused vacation days of the employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct through the end of the contract day's fee. Vacation pay liability is the total undiscounted liability amount that is calculated from the unused vacation days of all employees at the reporting date.

Movements in the provision for vacation pay liability during the year were as follows:

	31 December 2012	31 December 2011
Balance at the beginning of the period	635,830	609,692
Provision provided during the period	150,060	193,819
Paid during the period	(235,152)	(167,681)
<b>Balance at the end of the period</b>	<b>550,738</b>	<b>635,830</b>

#### *Long term employee benefits*

	31 December 2012	31 December 2011
Reserve for employee severance pay liability	1,436,177	1,376,753
<b>Total</b>	<b>1,436,177</b>	<b>1,376,753</b>

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. Reserve for severance pay liability, as at 31 December 2012 the ceiling amount is TL 3,033.98 (31 December 2011: TL 2,731.85), is calculated over the gross wage per 30 days and other benefits for each year. The basic assumption behind the calculation of the total liabilities is that the maximum liability will be increased by the inflation rate at each six month period.

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TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees and presented in the accompanying consolidated financial statements. Accordingly, the following actuarial assumptions are used in the calculation of the total liability as at 31 December 2012 and 2011:

	31 December 2012	31 December 2011
Net discount rate	2.86%	4.48%
Turnover rate to estimate the probability of retirement	89.91%	89.98%

As at 31 December 2012 and 2011, movements in the employee severance pay liability during the year were as follows:

	31 December 2012	31 December 2011
Balance at the beginning of the period	1,376,753	1,191,846
Service cost	371,023	262,268
Interest cost	61,795	55,567
Payments during the period	(373,394)	(132,928)
<b>Balance at the end of the period</b>	<b>1,436,177</b>	<b>1,376,753</b>

### 13. OTHER CURRENT/NON-CURRENT ASSETS AND LIABILITIES

#### *Other current assets*

As at 31 December 2012 and 2011, other current assets are as follows:

	31 December 2012	31 December 2011
Prepaid expenses	111,441	167,918
Other	11,067	--
<b>Total</b>	<b>122,508</b>	<b>167,918</b>

#### *Other non-current assets*

As at 31 December 2012 and 2011, the Group has not any other non-current assets (31 December 2011: None).

#### *Other current liabilities*

As at 31 December 2012, the Group's other current liabilities consist of expense accruals amounting TL 188,195 (31 December 2011: TL 169,971).

#### *Other non-current liabilities*

As at 31 December 2012 and 2011, the Group has not any other non-current liabilities other than the remaining past difference obligation amounting TL 3.

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### 14. EQUITY

#### 14.1. Paid in capital

As at 31 December 2012 and 2011, the capital structure of the Group is as follows:

		31 December 2012		31 December 2011	
		Share %	Share amount	Share %	Share amount
T. Sinai Kalkınma Bankası AŞ	A	28.55	17,415,957	28.55	15,274,651
T. Sinai Kalkınma Bankası AŞ	B	15.50	9,459,765	15.50	8,296,680
T. Sinai Kalkınma Bankası AŞ	C	14.28	8,707,717	14.28	7,637,096
T. Sinai Kalkınma Bankası AŞ	D	13.14	8,011,246	13.14	7,026,257
T. Sinai Kalkınma Bankası AŞ	E	10.96	6,688,306	10.96	5,865,973
T. Sinai Kalkınma Bankası AŞ	F	13.35	8,143,498	13.35	7,142,248
		<b>95.78</b>	<b>58,426,489</b>	<b>95.78</b>	<b>51,242,905</b>
TSKB Gayrimenkul Değerleme AŞ	E	1.71	1,046,793	1.71	918,088
TSKB Gayrimenkul Değerleme AŞ	F	0.14	83,946	0.14	73,625
		<b>1.85</b>	<b>1,130,739</b>	<b>1.85</b>	<b>991,713</b>
Şekerbank TAŞ	E	0.58	350,908	0.58	307,763
Şekerbank TAŞ	F	0.02	16,624	0.02	14,580
		<b>0.60</b>	<b>367,532</b>	<b>0.60</b>	<b>322,343</b>
T. Garanti Bankası AŞ	E	0.74	448,770	0.74	393,593
T. Garanti Bankası AŞ	F	0.03	21,260	0.03	18,646
		<b>0.77</b>	<b>470,030</b>	<b>0.77</b>	<b>412,239</b>
Yapı Kredi Bankası AŞ	B	0.10	66,683	0.10	58,485
Yapı Kredi Bankası AŞ	F	0.01	3,159	0.01	2,771
		<b>0.11</b>	<b>69,842</b>	<b>0.11</b>	<b>61,256</b>
Arap Türk Bankası AŞ	B	0.09	52,249	0.09	45,824
Arap Türk Bankası AŞ	F	0.00	2,475	0.00	2,171
		<b>0.09</b>	<b>54,724</b>	<b>0.09</b>	<b>47,995</b>
Anadolu Hayat Emeklilik AŞ	F	0.68	411,980	0.68	361,327
İş Faktoring Finansman Hizmetleri AŞ	F	0.06	34,332	0.06	30,111
İş Yatırım Menkul Değerler AŞ	F	0.06	34,332	0.06	30,111
		<b>0.80</b>	<b>480,644</b>	<b>0.80</b>	<b>421,549</b>
<b>Total</b>		<b>100.00</b>	<b>61,000,000</b>	<b>100.00</b>	<b>53,500,000</b>

The Group's capital consists of 6.100.000 shares of each having a nominal value of Kuruş 1.741.595.716 shares are classified as Group A shares, 957.869.705 shares are classified as Group B shares, 870.771.733 shares are classified as Group C shares, 801.124.626 shares are classified as Group D shares, 853.477.623 shares are classified as Group E shares and 875.160.597 shares are classified as Group F shares. Two members of the Board of Directors are selected from Group A shareholders' nominees, one is selected from Group B shareholders' nominees, one is selected from Group C shareholders' nominees, one is selected from Group D shareholders' nominees, and two members are selected from Group E shareholders' nominees. The shareholders don't have any preference except for this.



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As per the resolution of General Assembly held on 20 March 2012, the Group nominal share capital increased with the amount of TL 7,500,000 from extraordinary reserves and profit of the year 2011, this decision was registered at Turkey Trade Registry Gazette No. 8036 on 28 March 2012.

### 14.2. Fair value reserves

As at 31 December 2012, the total difference, net of tax effect, amounting to TL 822,374 between the fair value and acquisition cost of the financial instruments held in available-for-sale portfolio has been presented in the fair value reserve as a separate item within equity (31 December 2011: TL 564,449).

### 14.3. Restricted reserves

As at 31 December 2012 and 2011, restricted reserves consist of legal reserves and gains on sale of properties and equity participations to be transferred to capital.

	31 December 2012	31 December 2011
Legal reserves	2,242,911	1,802,802
Gains on sale of equity participations to be transferred to the capital	804	804
<b>Total</b>	<b>2,243,715</b>	<b>1,803,606</b>

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.

### 14.4. Retained earnings

As at 31 December 2012 and 2011, retained earnings of the Group are as follows:

	31 December 2012	31 December 2011
Extraordinary reserves	1,498,890	3,500,164
Retained earnings	35,500	--
Accumulated deficits	(295,607)	(295,607)
<b>Total</b>	<b>1,238,783</b>	<b>3,204,557</b>

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#### 15. SALES REVENUE

For the years ended 31 December 2012 and 2011, sales revenue is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Investment fund sales	1,455,285,189	1,520,605,541
Equity security sales	601,320,042	531,113,921
Government bond sales	82,583,851	445,365,916
Service income	15,454,295	19,901,626
Interest from loan customers	3,258,744	3,207,533
Bank bond sales	3,165,842	2,180,694
Corporate bond sales	1,345,717	1,013,635
Foreign currency bond sales	916,018	2,035,890
Private sector bond sales	13,999	--
Warrant sales	1,712	4,835
Treasury bill sales	--	4,027,487
<b>Total</b>	<b>2,163,345,409</b>	<b>2,529,457,078</b>

#### Service income

For the years ended 31 December 2012 and 2011, the details of the service income are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Commission income	12,878,965	15,858,054
<i>Brokerage fee income</i>	9,375,566	11,852,169
<i>Commission income on trading of derivative transactions</i>	2,610,055	3,198,867
<i>Other commission income</i>	893,344	807,018
Corporate finance income	2,575,330	4,043,572
<b>Total</b>	<b>15,454,295</b>	<b>19,901,626</b>

#### 16. COST OF SALES

For the years ended 31 December 2012 and 2011, cost of sales are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Investment fund sales	(1,455,058,655)	(1,520,604,423)
Equity security sales	(600,754,185)	(530,985,678)
Government bond sales	(82,532,555)	(444,483,075)
Bank bond sales	(3,164,235)	(2,178,300)
Private sector bond sales	(1,344,842)	(1,011,041)
Foreign currency bond sales	(913,999)	(2,031,449)
Private sector bond sales	(13,915)	--
Warrant sales	(1,988)	(4,100)
Treasury bill sales	--	(4,022,929)
<b>Total</b>	<b>(2,143,784,374)</b>	<b>(2,505,320,995)</b>

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### 17. OPERATING EXPENSES

#### *Research and development expenses*

For the year ended 31 December 2012, the Group has not any research and development expenses (31 December 2011: None).

#### *Selling and marketing expenses*

For the years ended 31 December 2012 and 2011, selling and marketing expenses are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Contribution for the transactions in stock exchange money market	(1,510,163)	(1,722,623)
Advertising and marketing expenses	(448,397)	(368,042)
Other marketing, sales and distribution expenses	(100,991)	(10,146)
<b>Total</b>	<b>(2,059,551)</b>	<b>(2,100,811)</b>

#### *General administrative expenses*

For the years ended 31 December 2012 and 2011, general administrative expenses are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Personnel expenses	(13,965,887)	(12,662,597)
Rent expenses	(2,008,788)	(1,748,348)
Computer program rent expenses	(1,348,124)	(1,309,616)
Taxes and duties	(589,258)	(435,049)
General administrative expenses	(550,830)	(500,250)
Communication expenses	(544,160)	(597,468)
Depreciation and amortisation charges	(510,239)	(438,009)
Cleaning expenses	(466,972)	(418,848)
Meal expenses	(458,929)	(409,810)
Transportation expenses	(366,358)	(322,711)
Paid Banking and Insurance Transaction Tax ("BITT")	(249,262)	(1,586,688)
Other general administrative expenses	(4,492,054)	(3,523,107)
<b>Total</b>	<b>(25,550,861)</b>	<b>(23,952,501)</b>

#### *Personnel expenses*

	1 January - 31 December 2012	1 January - 31 December 2011
Salaries and wages	(9,557,143)	(8,237,473)
Bonus expenses	(3,048,344)	(3,257,849)
Social security employer's contribution expenses	(1,360,400)	(1,167,275)
<b>Total</b>	<b>(13,965,887)</b>	<b>(12,662,597)</b>

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#### 18. OTHER OPERATING INCOME/(EXPENSES)

##### *Other operating income*

For the years ended 31 December 2012 and 2011, other operating income is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Annual transaction charges	343,507	303,968
Income from operations of the Subsidiary	261,470	118,568
Recoveries of provisions for doubtful receivables	163,836	--
Takasbank custody commissions recharged to customers	99,537	157,273
Delivery expenses recharged to customers	64,260	44,679
Money order commissions recharged to customers	20,792	21,761
Other income	297,435	152,162
<b>Total</b>	<b>1,250,837</b>	<b>798,411</b>

##### *Other operating expenses*

For the year ended 31 December 2012, other operating expenses consist of expenses and losses amounting to 136 TL. (31 December 2011: other operating expenses consist of the provisions set for the uncollectable commission receivable from the Group's insolvent customer MF Global amounting to US Dollar 18,112.44 equivalent to TL 34,213).

#### 19. FINANCE INCOME/COSTS FROM OTHER OPERATING ACTIVITIES

As at and for the year ended 31 December 2012 and 2011, finance income and costs from other operating activities are as follows:

<i>Finance income from other operating activities</i>	1 January - 31 December 2012	1 January - 31 December 2011
Net gain from derivative financial instruments	39,492,567	--
Interest income on time deposits	21,509,967	21,667,918
Interest on government debt securities	1,039,249	1,076,998
Dividend income	683,235	1,478,321
Available-for-sale financial assets income	545,106	--
Revaluation income from the financial assets at fair value through profit or loss	391,399	--
Income from the collaterals given to TDE	41,678	41,003
Interest income on money market transactions	18,439	44,510
Foreign exchange gains (net)	--	39,631,600
Other finance income	5,919	3,325
<b>Total</b>	<b>63,727,559</b>	<b>63,943,675</b>

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<i>Finance costs from other operating activities</i>	1 January - 31 December 2012	1 January - 31 December 2011
Interest expense on money market transactions	(26,448,113)	(25,459,293)
Foreign exchange loss (net)	(22,940,171)	--
Interest expense on borrowings	(3,258,813)	(927,318)
Letter of guarantee commissions	(1,020,237)	(977,343)
Losses from TDE transactions	(2,420)	(4)
Net loss from derivative transactions	--	(27,503,185)
Financial assets at fair value through profit or loss	--	(766,185)
<b>Total</b>	<b>(53,669,754)</b>	<b>(55,633,328)</b>

### 20. TAXATION

As at 31 December 2012 the corporate tax rate is 20% under the Article 32 of Corporate Tax numbered 5520, published at Official Gazette dated 21 June 2006 and with number 26205.

Companies calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15%. 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.

The transfer pricing provisions has been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If the tax payers have transactions like service taking or product and goods buying or selling with related parties which are not in accordance with the counterpart principle it will be adjudge that disguised profit distribution via transfer pricing. This kind of disguised profit distribution via transfer pricing will not be deducted from the corporate tax.

In accordance with the tax legislation, losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

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. Corporation tax rate is applied to the income after adding the non deductible expenses and deducting the tax exempts (like income of the participants). There is no addition tax to be paid unless the profit is distributed.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years which are 20%. Corporations give tax declarations and paid income taxes quarterly. Income tax declarations are given on the 14<sup>th</sup> and paid on the 17<sup>th</sup> day of the second following month of the each quarter. The prepaid taxes can be deducted from the annual corporate tax calculated for the whole year earnings. If there is a surplus after the deduction of the prepaid taxes, this surplus can be returned to the tax payer or the can be deducted from other financial liabilities to the tax office.

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Components of income tax expense for the year ended 31 December 2012 and 2011 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Current income tax expense	(6,644)	(1,855,123)
Deferred tax (expense)/income	(401,542)	673,562
<b>Total tax expense</b>	<b>(408,186)</b>	<b>(1,181,561)</b>

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 as at and for the year ended 31 December 2012 and 2011, are as follows:

	31 December 2012	Rate (%)	31 December 2011	Rate (%)
Profit before tax	3,259,129		7,157,316	
Corporate tax computed with statutory tax rate	(651,826)	(20.00)	(1,431,463)	(20.00)
Effects of undeductible expenses	(62,884)	(1.93)	(149,306)	(2.09)
Tax exempt income	180,941	5.56	273,625	3.82
Unrecognised deferred tax liability on fair value increase in subsidiaries	125,583	3.85	125,583	1.75
<b>Tax expense</b>	<b>(408,186)</b>	<b>(12.52)</b>	<b>(1,181,561)</b>	<b>(16.52)</b>

As at 31 December 2012 and 2011, the corporate tax payable is as follows:

	31 December 2012	31 December 2011
Current income tax expense	2,997,498	3,515,536
Prepaid taxes	(6,644)	(1,855,123)
<b>Income tax asset, net</b>	<b>2,990,854</b>	<b>1,660,413</b>

As at 31 December 2012, the current income tax provision amounting to TL 6,644 TL (31 December 2011: 7,164 TL) and the current tax asset amounting to TL 2,997,498 (31 December 2011: TL 1,667,577) are presented in the "Current tax liabilities" and the "Current tax assets", respectively.

#### Deferred tax assets and liabilities

Deferred tax is determined by calculating the tax effect for the differences between the carrying amounts of assets and liabilities in the 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. Such deferred tax assets and liabilities are recognised in the accompanying consolidated financial statements using the tax rate effective at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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If the valuation differences of the financial assets are recognised in the profit or loss, the relevant current tax expense or deferred tax expense/income origination from this valuation differences are recognised in the profit or loss. If the valuation differences of the financial assets are recognised directly in the equity, the relevant current tax expense or deferred tax expense/income origination from this valuation differences are recognised directly in the equity.

As at 31 December 2012 and 2011, assets and liabilities bearing deferred tax assets and liabilities are as follows:

	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Provision expense for severance pay liability	1,436,177	287,235	1,376,753	275,351
Deferred tax assets on current year loss	1,228,327	245,665	--	--
Provision of premium payments	648,444	129,689	625,000	125,000
Provision for unused vacation	550,738	110,148	635,830	127,166
Financial investments	463,381	32,907	620,871	249,757
Provision for doubtful receivables	413,249	82,650	577,085	115,417
Derivative financial instruments held for trading	167,928	33,586	3,040,585	608,117
Tangible and intangible assets	47,630	9,526	164,484	32,897
<b>Deferred tax assets, net</b>	<b>4,955,874</b>	<b>931,406</b>	<b>7,040,608</b>	<b>1,533,705</b>

### Deferred tax balances movement during the period

	1 January 2011	Recognized in profit and loss	Recognized in other comprehensive income	31 December 2011	Recognized in profit and loss	Recognized in other comprehensive income	31 December 2012
Provision expense for severance pay liability	238,369	36,982	--	275,351	11,884	--	287,235
Deferred tax assets on current year loss	--	--	--	--	245,665	--	245,665
Provision of premium payments	--	125,000	--	125,000	4,689	--	129,689
Provision for unused vacation	121,938	5,228	--	127,166	(17,018)	--	110,148
Financial investments	37,615	(95,789)	307,931	249,757	(16,093)	(200,757)	32,907
Provision for doubtful receivables	108,575	6,842	--	115,417	(32,767)	--	82,650
Derivative financial instruments held for trading	--	608,117	--	608,117	(574,531)	--	33,586
Tangible and intangible assets	45,715	(12,818)	--	32,897	(23,371)	--	9,526
<b>Deferred tax assets, net</b>	<b>552,212</b>	<b>673,562</b>	<b>307,931</b>	<b>1,533,705</b>	<b>(401,542)</b>	<b>(200,757)</b>	<b>931,406</b>

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### 21. EARNINGS PER SHARE

According to TAS 33 - Earnings per Share Standard, 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 accompanying consolidated financial statements.

### 22. RELATED PARTY DISCLOSURES

In this consolidated financial statements, the shareholders of the Group and Türkiye İş Bankası Anonim Şirketi Group companies and all of its subsidiaries having indirect shareholding relation with the Group are referred to as related parties.

#### Related party balances

	31 December 2012	31 December 2011
<b>Receivables from related parties</b>		
<i>Trade receivables</i>		
- Receivables from investment fund management	177,589	207,982
- Receivables from investment funds of TSKB	1,194	8,717
- Other trade receivables	--	2,360
<b>Total (Note 7)</b>	<b>178,783</b>	<b>219,059</b>
<b>Payables to related parties</b>		
<i>Financial liabilities from derivative instruments</i>		
Türkiye Sınai ve Kalkınma Bankası AŞ	--	375,101
<b>Total</b>	<b>--</b>	<b>375,101</b>

#### Related party transactions

	1 January - 31 December 2012	1 January - 31 December 2011
<b>Expenses</b>		
<i>Finance costs</i>		
- Türkiye Sınai ve Kalkınma Bankası AŞ	360,797	736,426
<i>Letter of guarantee commission</i>		
- Türkiye Sınai ve Kalkınma Bankası AŞ	137	--
<i>Gain/loss from derivative financial transactions (net)</i>		
- Türkiye Sınai ve Kalkınma Bankası AŞ	--	2,391,001
<b>Total</b>	<b>360,934</b>	<b>3,127,427</b>
<b>Revenue</b>		
- Yatırım Finansman Investment Funds <sup>(*)</sup>	1,789,423	3,391,400
- Türkiye Sınai ve Kalkınma Bankası AŞ <sup>(**)</sup>	275,366	450,381
<b>Total</b>	<b>2,064,789</b>	<b>3,841,781</b>

(\*) Consist of investment fund commissions.

(\*\*) Consist of agency, derivative transactions and fund management commissions.



## **YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

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For the year ended 31 December 2012, the total amount of the remuneration and similar benefits provided to the Group's general manager, vice general managers and members of the board of directors is TL 1,934,920 (31 December 2011: TL 1,795,337). Remuneration and similar benefits given to the top management consists of salaries, bonuses, health and life insurances, severance pay and vacation pay liability expenses.

### **23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS**

This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risks. The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk,
- operation risk,

#### **23.1. 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 or marketable securities in their accounts. Loan risk management is performed by following daily values ve liquidity of collaterals, by setting daily limit for counterparty risk ve by following adequacy of collaterals received for loans ve receivables. The credit risk are mainly originating from Turkey where the Group conducts its mainly operations.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

As at 31 December 2012 and 2011, credit risk exposure by the Group in terms of financial instruments are as follows:

31 December 2012	Receivables			
	Trade receivables		Other receivables	
	Related party	Other party	Related party	Other party <sup>(*)</sup>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>178,783</b>	<b>143,768,371</b>	--	--
- Guaranteed part of maximum credit risk with collaterals etc.	--	(30,783,495)	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	178,783	143,768,371	--	--
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	--	--	--	--
- Guaranteed part of risk with collaterals	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--
- Overdue (Gross book value)	--	413,249	--	--
- Impairment	--	(413,249)	--	--
- Guaranteed part of net value with collaterals	--	--	--	--
- Undue (gross book value)	--	--	--	--
- Impairment	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--
E. Off statement of financial position items with credit risk	--	--	--	--

<sup>(\*)</sup> Deposits and guarantees given and collaterals given to Turkish Derivatives Exchange are excluded as they are not financial assets.

<sup>(\*\*)</sup> Equity securities are excluded as they are not subject to any credit risk.

31 December 2011	Receivables			
	Trade receivables		Other receivables	
	Related party	Other party	Related party	Other party <sup>(*)</sup>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>219,059</b>	<b>174,373,697</b>	--	--
- Guaranteed part of maximum credit risk with collaterals etc.	--	(14,868,087)	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	219,059	174,373,697	--	--
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	--	--	--	--
- Guaranteed part of risk with collaterals	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--
- Overdue (Gross book value)	--	577,085	--	--
- Impairment	--	(577,085)	--	--
- Guaranteed part of net value with collaterals	--	--	--	--
- Undue (gross book value)	--	--	--	--
- Impairment	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--
E. Off statement of financial position items with credit risk	--	--	--	--

<sup>(\*)</sup> Deposits and guarantees given and collaterals given to Turkish Derivatives Exchange are excluded since they are not financial assets.

<sup>(\*\*)</sup> Equity securities are excluded since they do not expose any credit risk.

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

Cash at banks, reverse repurchase agreements ve investment funds	Financial investments (**)	Other	Total
380,878,998	14,484,956	--	539,311,108
(199,296)	--	--	(30,982,791)
380,878,998	14,484,956	--	539,311,108
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	413,249
--	--	--	(413,249)
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--

Cash at banks, reverse repurchase agreements ve investment funds	Financial investments (**)	Other	Total
355,214,897	10,750,058	--	540,557,711
(272,978)	--	--	(15,141,065)
355,214,897	10,750,058	--	540,557,711
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	577,085
--	--	--	(577,085)
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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As at 31 December 2012 and 2011, the Group has not any financial assets which are overdue but not impaired.

### 23.2. Liquidity risk

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities.

As at reporting date, the undiscounted contractual cash outflows of the Group are as follows:

31 December 2012	Carrying Value	Contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	(368,809,917)	(369,255,534)	(369,255,534)	--	--	--
Trade payables	(117,264,490)	(117,264,490)	(117,264,490)	--	--	--
<b>Derivative financial liabilities</b>						
Forward and swap agreements						
Cash outflow	(167,928)	(24,692,850)	(24,692,850)	--	--	--
Cash inflow	--	24,557,230	24,557,230	--	--	--
<b>Total financial liabilities</b>	<b>(486,242,335)</b>	<b>(486,655,644)</b>	<b>(486,655,644)</b>	--	--	--
31 December 2011	Carrying value	Contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	(318,507,212)	(320,325,746)	(320,325,746)	--	--	--
Trade payables	(162,936,976)	(162,936,976)	(162,936,976)	--	--	--
<b>Derivative financial liabilities</b>						
Forward and swap agreements						
Cash outflow	(4,142,155)	(349,446,500)	(349,446,500)	--	--	--
Cash inflows	1,101,570	347,826,945	347,826,945	--	--	--
<b>Total financial liabilities</b>	<b>(484,484,773)</b>	<b>(484,882,277)</b>	<b>(484,882,277)</b>	--	--	--

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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As of 31 December 2012 and 2011, the liquidity requirement of the Group in accordance with Communiqué 34 is as follows:

	31 December 2012	31 December 2011
Current assets (A)	541.463.739	542.280.113
Short term liabilities (B)	488.688.482	487.083.832
<b>Current assets/short term liabilities (A/B)</b>	<b>1.11</b>	<b>1.11</b>

### 23.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The market risk is managed by balancing the assets and liabilities exposed to the interest rate change risk.

#### Foreign currency risk

The Group is exposed to foreign currency risk due to the changes in foreign exchange rates while having assets, liabilities or off statement of financial position items denominated in foreign currencies.

The foreign exchange rates used by the Group for translation of the transactions in foreign currencies as at 31 December 2012 and 31 December 2011 as follows:

	US Dollar	EUR	GBP	AUD
31 December 2012	1.7826	2.3517	2.8708	1.7919
31 December 2011	1.8889	2.4438	2.9170	1.8509

As at 31 December 2012 and 2011, the table below summarises the foreign currency position of the Group by presenting the carrying amounts of the assets and liabilities denominated in foreign currency in TL as follows.

31 December 2012	TL equivalent (Functional currency)	US Dollar	EUR	GBP	AUD
Cash and cash equivalents	27,788,237	1,237,123	10,864,902	226	17,469
Financial investments	730,296	409,680	--	--	--
<b>Total assets</b>	<b>28,518,533</b>	<b>1,646,803</b>	<b>10,864,902</b>	<b>226</b>	<b>17,469</b>
Trade payables	(3,002,792)	(1,224,889)	(339,067)	(76)	(12,112)
<b>Total liabilities</b>	<b>(3,002,792)</b>	<b>(1,224,889)</b>	<b>(339,067)</b>	<b>(76)</b>	<b>(12,112)</b>
<b>Foreign currency assets including net financial position table</b>	<b>25,515,741</b>	<b>421,914</b>	<b>10,525,835</b>	<b>150</b>	<b>5,357</b>
<b>Foreign currency liabilities excluding net financial position table</b>	<b>(24,692,850)</b>	<b>--</b>	<b>(10,500,000)</b>	<b>--</b>	<b>--</b>
<b>Net foreign currency assets</b>	<b>822,891</b>	<b>421,914</b>	<b>25,835</b>	<b>150</b>	<b>5,357</b>

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

31 December 2011	TL equivalent (Functional currency)	US Dollar	EUR	GBP	AUD
Cash and cash equivalents	353,375,311	186,729,921	119,212	226	199,457
Financial investments	689,337	364,941	--	--	--
<b>Total assets</b>	<b>354,064,648</b>	<b>187,094,862</b>	<b>119,212</b>	<b>226</b>	<b>199,457</b>
Trade payables	(2,985,880)	(1,254,390)	(104,384)	(76)	(195,119)
<b>Trade payables</b>	<b>(2,985,880)</b>	<b>(1,254,390)</b>	<b>(104,384)</b>	<b>(76)</b>	<b>(195,119)</b>
Foreign currency assets including net financial position table	351,078,768	185,840,472	14,828	150	4,338
Foreign currency liabilities excluding net financial position table	(349,446,500)	(185,000,000)	--	--	--
<b>Net foreign currency assets</b>	<b>1,632,268</b>	<b>840,472</b>	<b>14,828</b>	<b>150</b>	<b>4,338</b>

#### Exposure to foreign currency risk

A strengthening/weakening of the TL against the other currencies below would have increased/(decreased) the comprehensive income and profit/loss (excluding the tax effect) as of 31 December 2012 and 2011 as follows:

31 December 2012	Profit/(Loss)		Equity <sup>(*)</sup>	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
<b>Increase/(decrease) 10% of US Dollar parity</b>				
1-US Dollar net asset/liability	75,210	(75,210)	75,210	(75,210)
2-Hedged portion of US Dollar amounts (-)	--	--	--	--
<b>3-Net effect of US Dollar (1+2)</b>	<b>75,210</b>	<b>(75,210)</b>	<b>75,210</b>	<b>(75,210)</b>
<b>Increase/(decrease) 10% of EUR parity</b>				
4-EUR net asset/liability	6,076	(6,076)	6,076	(6,076)
5-Hedged portion of EUR amounts (-)	--	--	--	--
<b>6-Net effect of EUR (4+5)</b>	<b>6,076</b>	<b>(6,076)</b>	<b>6,076</b>	<b>(6,076)</b>
<b>Increase/(decrease) 10% of other parities</b>				
7-Other foreign currency net asset/liability	1,003	(1,003)	1,003	(1,003)
8-Hedged portion of other foreign currency amounts (-)	--	--	--	--
<b>9-Net effect of other foreign currencies (7+8)</b>	<b>1,003</b>	<b>(1,003)</b>	<b>1,003</b>	<b>(1,003)</b>
<b>TOTAL (3+6+9)</b>	<b>82,289</b>	<b>(82,289)</b>	<b>82,289</b>	<b>(82,289)</b>

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

31 December 2011	Profit/(Loss)		Equity <sup>(*)</sup>	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
<b>Increase/(decrease) 10% of US Dollar parity</b>				
1-US Dollar net asset/liability	158,757	(158,757)	158,757	(158,757)
2-Hedged portion against US Dollar amounts (-)	--	--	--	--
<b>3- Net effect of US Dollar (1+2)</b>	<b>158,757</b>	<b>(158,757)</b>	<b>158,757</b>	<b>(158,757)</b>
<b>Increase/(decrease) 10% of EUR parity</b>				
4-EUR net asset/liability	3,624	(3,624)	3,624	(3,624)
5-Hedged portion of EUR amounts (-)	--	--	--	--
<b>6-Net effect of EUR (4+5)</b>	<b>3,624</b>	<b>(3,624)</b>	<b>3,624</b>	<b>(3,624)</b>
<b>Increase/(decrease) 10% of other currencies</b>				
7-Net other foreign currency asset/liability	846	(846)	846	(846)
8-Hedged portion of other foreign currency amounts (-)	--	--	--	--
<b>9-Net effect of other foreign currencies (7+8)</b>	<b>846</b>	<b>(846)</b>	<b>846</b>	<b>(846)</b>
<b>TOTAL (3+6+9)</b>	<b>163,227</b>	<b>(163,227)</b>	<b>163,227</b>	<b>(163,227)</b>

<sup>(\*)</sup> Profit/loss effect included.

### **Interest rate risk**

The Group is exposed to interest rate risk due to effects of the changes in market interest rates on the interest rate sensitive assets and liabilities.

The Group's interest rate sensitive financial instruments' allocation on 31 December 2012 and 2011 are presented below:

	31 December 2012	31 December 2011
<b>Fixed rate financial instruments</b>		
<b>Financial assets</b>		
Time deposits	377,224,979	350,554,613
Receivables from reverse repurchase agreements	199,296	272,978
Financial investments	5,990,102	4,438,721
<b>Financial liabilities</b>		
Bank borrowings	120,818,789	--
Payables to Stock Exchange Money Market	247,991,128	318,507,212

### **Floating interest rate financial instruments**

## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### Financial assets

Financial investments	8,344,421	4,739,945
Trade receivables		
- Receivables from the loan customers	30,783,495	14,868,087

### Interest senility of assets:

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 100 bp 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 2012 and 2011 would be as follows.

	Profit/(Loss)		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2012	84,447	(80,800)	84,447	(80,800)
31 December 2011	70,697	(66,932)	70,697	(66,932)

(\*) Profit/loss effect included.

### Risk of change in marketable securities

If the Istanbul Stock Exchange Index were increased/(decreased) by 20% with the assumption of keeping all other variables constant, the effect on the fair value of equity shares and profit and loss and comprehensive income of the Group for the year ended as at 31 December 2012 and 2011 would be as follows:

31 December 2012	Profit/(Loss)		Equity (*)	
	20% increase	20% decrease	20% increase	20% decrease
<b>Financial assets at fair value through profit/loss</b>				
- Equity security	514,009	(514,009)	514,009	(514,009)
- Warrant	--	--	--	--
<b>Available-for-sale financial assets</b>				
- Equity security (**)	--	--	725,935	(725,935)
<b>Total</b>	<b>514,009</b>	<b>(514,009)</b>	<b>1,239,944</b>	<b>(1,239,944)</b>



## YATIRIM FİNANSMAN MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

31 December 2011	Profit/(Loss)		Equity <sup>(*)</sup>	
	20% increase	20% decrease	20% increase	20% decrease
<i>Financial assets at fair value through profit/loss</i>				
- Equity security	4,300	(4,300)	4,300	(4,300)
<i>Available-for-sale financial assets</i>	305	(305)	305	(305)
- Equity security <sup>(**)</sup>	--	--	525,178	(525,178)
<b>Total</b>	<b>4,605</b>	<b>(4,605)</b>	<b>529,783</b>	<b>(529,783)</b>

<sup>(\*)</sup> Profit/loss effect included.

<sup>(\*\*)</sup> Available-for-sale financial assets include quoted equity securities.

### 23.4. Operational risk

Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from breakdowns in internal procedures, people and systems. Operational risk that summarises the risks a company or firm undertakes when it attempts to operate within a given field or industry.

The Group manages its operational risks to avoid financial losses. In this respect, the Group has identified the following issues within the company processes and controls;

- Appropriate task distribution with transactions' independent responsibility,
- The reconciliation and control of operations,
- Compliance with statutory obligations and other regulators,
- Documentation of processes and controls,
- Periodical assessment of encountered operational risks and the adequacy of generated controls and procedures to meet scheduled risks,
- Development of emergency plans,
- Education and professional development,
- Ethics and business standards,
- Effective risk reduction measures by the possibility of including insurance.

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### 23.5. Capital management and capital adequacy management

The Company 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. Accordingly, total minimum capital amounts to TL 4,583,000 (31 December 2011: TL 2,045,000). The Company's minimum capital amounts 31 December 2012 and 2011 in order of dates are TL 67,785,808 and TL 65,052,398.

The minimum capital adequacy basis that has to be attained by the Company in accordance with the measurement principles of Communiqué 34 is the amount calculated by deducting the following items from shareholder's equity:

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.

Brokerage companies' capital has to be increased by the company for each stock exchange money market transaction certificates of authorisation in accordance with following rates.

a) For intermediation in public offering, 50% of the initial capital amount required for intermediation in trading.

b) For the sale and purchase of securities through repurchase and reverse repurchase agreements, 50% of the initial capital amount shall be required for intermediation in secondary trading

c) For portfolio management activity, 40% of the initial capital amount shall be required for intermediation in secondary trading.

d) For investment advisory activity, 10% of the initial capital amount shall be required for intermediation in secondary trading.

As at 31 December 2012 and 2011, the Company should have a minimum capital adequacy base amounting to TL 58,866,058 and TL 56,689,405, respectively in accordance with the certificates of authorization in the scope of Communiqué 34 Paragraph 8. Capital adequacy basis requirement cannot be less than the minimum share capital addressed by their certificates of authorization, risk provision and operating expenses of the three month period before the valuation day.

As at 31 December 2012 and 2011, the Company fulfils its capital adequacy requirements.

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### ***Risk provision***

The Company calculates risk provision for both statements of financial position and off-statement of financial position 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.

As at 31 December 2012 and 31 December 2011, the risk provision amounts calculated in accordance with the regulations of Communiqué 34 are as follows:

	<b>31 December 2012</b>	<b>31 December 2011</b>
Position risk	19,326,102	17,876,335
Counter party risk	19,217,988	17,873,915
Foreign currency risk	--	38,410
Concentration risk	--	--
<b>Total risk provision</b>	<b>38,544,090</b>	<b>35,788,660</b>

## **24. FINANCIAL INSTRUMENTS**

### ***Fair value of financial instruments***

Fair value is the amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Financial assets and liabilities have to be recognised with their fair values for both accounting policies and presentation of notes.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value.

### ***Financial assets***

It is estimated that the fair values and carrying amounts of the bank deposits, receivables from reserve repurchase agreements and other monetary receivables are close to each other, since they have short term maturities.

Investment funds and securities measured at the fair values are valued using the market prices.

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### *Financial liabilities*

It is estimated that the fair values and carrying amounts of the financial liabilities, trade payables and other monetary liabilities are close to each other due to their short term maturities.

### *Classification relevant to fair value information*

"IFRS 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.

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.

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

31 December 2012	Level 1	Level 2	Level 3	Total
<i>Cash and cash equivalents</i>				
- Investment funds	44,535	--	--	44,535
<i>Financial investments</i>				
- Investment funds	150,433	--	--	150,433
- Marketable securities	6,199,721	--	4,583,440	10,783,161
- Debt securities	14,334,523	--	--	14,334,523
<i>Other financial liabilities</i>				
- Financial liabilities from derivative transactions	--	(167,928)	--	(167,928)
<b>Total</b>	<b>20,729,212</b>	<b>(167,928)</b>	<b>4,583,440</b>	<b>25,144,724</b>

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<b>31 December 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Cash and cash equivalents</i></b>				
Investment funds	3,568	--	--	3,568
<b><i>Financial investments</i></b>				
- Investment funds	469,822	--	--	469,822
- Marketable securities	2,648,914	--	4,583,440	7,232,354
- Debt securities	9,178,666	--	--	9,178,666
- Assets arising from derivative financial instruments	--	1,101,570	--	1,101,570
<b><i>Other financial liabilities</i></b>				
- Financial liabilities from derivative transactions	--	(4,142,155)	--	(4,142,155)
<b>Total</b>	<b>12,300,970</b>	<b>(3,040,585)</b>	<b>4,583,440</b>	<b>13,843,825</b>

**25. SUBSEQUENT EVENTS**

In 2013, the Company has applied to the tax office for the reimbursement of the BITT that is paid in excess between the years 2008-2011. The application of the Company for the reimbursement of the excess BIT payment is accepted and is under the review. If the result of the review would result to the Company's advantage, a tax asset amounting to TL 2 million to be offset from the future taxes payables is expected.

## AFFILIATED COMPANIES REPORT - CONCLUSION

Between our Company and our parent company Türkiye Sınai Kalkınma Bankası A.Ş. and other affiliated companies, there is no legal transaction that might result in:

- Transfer of receivables, payables or assets,
- Creation of liability such as providing suretyship, guarantee or endorsement, or
- Transfer of profit.

Commercial transactions the Company realized with its parent company and the Company's other affiliated companies during 2012, which are detailed in the report, were required by the Company's activity and were carried out on an arm's length basis

There are no decisions adopted to the detriment of the Company, nor are there any transactions that will cause the Company to sustain loss, which were led by our parent company or its other companies to which we are affiliated.





**YATIRIM  
FİNANSMAN**  
SECURITIES

Nispetiye Cad. Akmerkez E-3 Blok Kat:4 Etiler 34337 İstanbul / Turkey  
Tel: (+90 212) 317 69 00 Fax: (+90 212) 282 15 50 - 51  
[www.yf.com.tr](http://www.yf.com.tr) / [yf@yf.com.tr](mailto:yf@yf.com.tr)