

Corporate Governance Rating Report

Revised Report Brokerage House

This Report has been prepared by JCR-ER in compliance to the regulations of Capital Market Board of Turkey

İŞ INVESTMENT		8.87 AAA(Trk)/a (Stable)
Corporate Governance Score & Outlook	Shareholders	8.61 AA A(Trk)/a (Stable)
	Public Disclosure & Transparency	9.28 AAA(Trk)/aa (Stable)
	Stakeholders	8.43 AA(Trk)/bbb (Stable)
	Board of Directors	8.84 AAA(Trk)/a (Stable)

İŞ YATIRIM MENKUL DEĞERLER A.Ş.						
Financial Data	1H2012	2011*	2010*	2009*	2008*	2007*
Total Assets (USD mn)	1,949	1,622	1,737	1,686	981	1,065
Total Assets (TL mn)	3,521	3,063	2,686	2,539	1,483	1,241
Equity (TL mn)	741	688	650	597	410	406
Net Profit (TL mn)	76	85	98	114	42	69
Market Share (%) Asset Size	32.74**	32.74	30.81	36.88	31.88	32.22
ROAA (%)	n.a	3.44	4.31	6.33	3.88	8.69
ROAE (%)	n.a	14.79	18.07	25.28	12.95	22.57
Equity/Assets (%)	21.05	22.44	24.20	23.53	27.64	32.75
Int. Equity Generation (%)	18.91	22.66	29.86	41.85	17.20	42.96
Liquidity Req. Ratio (%)	n.a	120.64	125.67	123.15	130.20	143.18
Own Fund/Total Debt (%)	n.a	12.19	14.13	12.45	16.25	21.01
Asset Size Growth Rate (%)	14.96	14.06	5.79	71.21	19.52	128.85

*End of year
**March, 2012

Analyst: Ceyhan KIR/ +90 212 352 56 73
ceyhunk@jcrer.com.tr
Analyst: Gökhan İYİĞÜN/ +90 212 352 56 73
gokhani@jcrer.com.tr

Company Information	
Trade Name	İŞ YATIRIM MENKUL DEĞERLER A.Ş.
Address	İş Kuleleri-2 Kat:12 4. Levent 34330 Beşiktaş/İSTANBUL
Chairman	Mr. Özcan TÜRKAKIN
CEO	Mr. İlhami KOÇ
Investor Relations	Phone: +90.212.350.28.72 yatirimailiskileri@isyatirim.com.tr investorrelations@isinvestment.com
Web	www.isyatirim.com.tr
Corporate Governance	Mr. Ozan ALTAN

Overview

İş Yatırım Menkul Değerler A.Ş. (referred hereinafter as İş Yatırım or the Company), established by T.İş Bankası A.Ş. in 1996, is a brokerage house which offers the services of local and international brokerage, investment consultancy, portfolio management and corporate finance. Beginning trading on the ISE (Istanbul Stock Exchange) in 2007, 29.32% of the Company's shares are publicly traded while the remaining shares are owned by T.İş Bankası A.Ş. and its subsidiaries. The Company has 7 subsidiaries and affiliates, two of which operate abroad and two are traded on the ISE.

The Company, having a widespread service network of 10 branches, 2 representative offices and T.İş Bankası A.Ş. branches utilized as its agencies, employs a staff force of 427. As a leading institution in terms of both market share and transaction volume for years, İş Investment has a market share of 32.74% in terms of total asset size as of March, 2012.

İş Yatırım has a high level of compliance with the principles set by the (CMB (Capital Market Board) of Turkey in the main fields of corporate governance and its equity level generated through internal sources bolsters the sustenance of this situation.

Strengths

- Maintenance of a distinct and transparent organizational structure marked by clearly identified tasks and delegations
- Utilization of Company website as an effective transparency platform in Turkish and English
- Pursuance of a comprehensive and effective system of reporting, monitoring and auditing
- High qualifications of the Board members and senior management in terms of education and track record
- Compliance with corporate governance principles facilitated by a progressively higher market share, widespread distribution channels, adequate level of equity and profitability and the presence in its shareholders of a large scale bank

Constraints

- Absence of an official communication channel to convey unethical and illegal activities to the audit committee
- A group share privilege to determine majority of the Board members
- Lack of disclosure of top manager per person remunerations
- Absence of an objective performance evaluation method for the Board members

Publication Date: September 11, 2012

“Global Knowledge supported by Local Experience”

1. Executive Summary and Rating Rationale

This revised report was prepared in light of JCR-ER's original methodological procedures in accordance with the Corporate Governance Principles (the code) set by the Capital Market Board (CMB-Turkish SPK) and states the Company's level of compliance level with corporate governance principles as of September 2012. The report should be evaluated taking into consideration the first report published on 23.12.2011 to better understand the Company's compliance level.

CMB Corporate Governance Principles (the code) were first published in 2003 and important revisions and changes were made at the beginning of 2012. The Principles, detailed in communiqué Serial: IV, No: 56 are accessible on www.spk.gov.tr

The Board of Directors, shareholders' rights, stakeholders' rights and Company practices in terms of public disclosure and transparency have been assessed within the framework of CMB regulations and information as well as findings ascertained therein and has been quantified by assessments regarding weighting factors on which JCR ER has predicated the subcategories.

Subject to the preservation of integrity of regulations by the CMB and compliance with the limitations thereof, this revised report also covers such topics as implementations regarding "Outlook" determinations and "Financial Efficiency" analyses all of which exist in JCR ER's original methodological structure.

Findings and assessments within the content of the report are based on information and documents disclosed by the Company to the public through various channels and also submitted to JCR ER in writing and verbally, as well as reports and statistics by the CMB and CRA(Central Registry Agency).

Through the analysis of JCR ER's original methodology, the general compliance level of the Company with corporate governance principles as of September 2012 and the corresponding levels within the JCR ER's notation have been determined as follows;

- Numerical value is **8.87**,
- Convergence Level **AAA(Trk)** representing the category of "Distinctive Compliance",
- Notch degree (**a**) representing the category of "Excellent",
- Outlook (**Stable**)

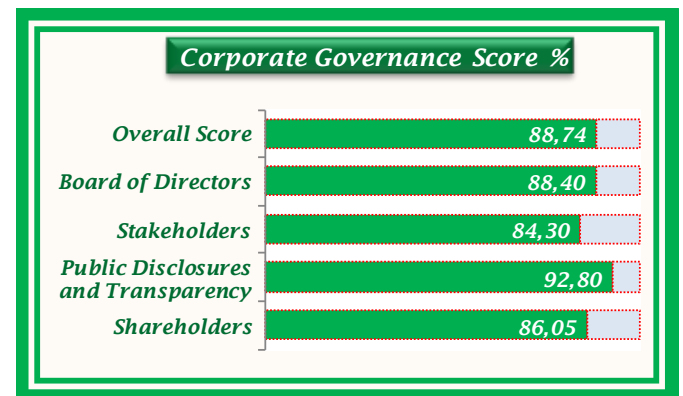
The company's Corporate Governance Principles Compliance scores, as published on 23.12.2011, can be seen in the table below;

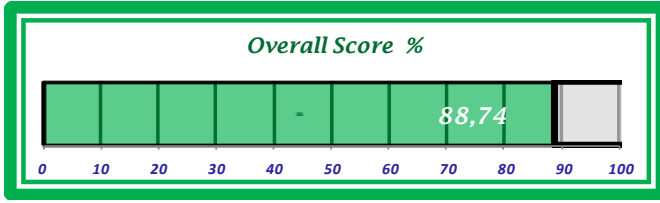
December 23, 2011				
Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Shareholders	8,13	AA(Trk) Merit	bbb Outstanding	Stable
Public Disclosures and Transparency	9,12	AAA(Trk) Distinctive	aa Superior	Stable
Stakeholders	8,24	AA(Trk) Merit	bbb Outstanding	Stable
Board of Directors	8,68	AAA(Trk) Distinctive	a Excellent	Stable
Overall	8.63	AAA (Trk) Distinctive	a Excellent	Stable

Through both 8 months of observation from December 23, 2011 as well as a comprehensive review done in August 2012, JCR has reached the conclusion that İş Yatırım increased its compliance level in terms of four main sections. JCR ER, in parallel with developments mentioned in this report, has assigned the Company a compliance score of **8.87**. İş Yatırım's compliance with Corporate Governance Principles notes as of September 11, 2012 and their corresponding levels in JCR-ER's notation system are given in the following table.

September 11, 2012				
Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Shareholders	8.61	AAA(Trk) Distinctive	a Excellent	Stable
Public Disclosures and Transparency	9.28	AAA(Trk) Distinctive	aa Superior	Stable
Stakeholders	8.43	AA(Trk) Merit	bbb Outstanding	Stable
Board of Directors	8.84	AAA(Trk) Distinctive	a Excellent	Stable
Overall	8.87	AAA(Trk) Distinctive	a Excellent	Stable

JCR ER's notation system may be viewed at: http://www.jcrr.com.tr/Administrator/files/436_kyder_notation.pdf





Corporate Governance Overall Results
8,87
AAA (Trk)/a
Stable

Outlook (Corporate Governance):

İş Yatırım achieved a high level of compliance with the Code. In the previous report, the Company’s Outlook was determined as “Stable”. JCR-ER believes that İş Yatırım will maintain its high level of compliance during the 12 month monitoring period following the publication of the revised report. For this reason, the Company’ Outlook has been determined as “Stable” for this rating period.

2. Company Overview

İş Yatırım was established in 1996 by the major shareholder T.İş Bankası A.Ş. to offer services of intermediation in local and international financial markets. The company offers the services of brokerage of securities traded in primary and secondary markets, investment consultancy, portfolio management and corporate finance. The Company, breaking new ground in the capital markets following its establishment, offered nearly 30% of its shares in 2007 to the public and its shares began trading on the Istanbul Stock Exchange (ISE-Turkish IMKB). Currently, 29,32% of the Company’s shares are publicly traded.

With regard to 1H2012 financial statements, the Company, with an asset size of TL3.52 bn, had equity in the amount of TL741 mn and a net profit of TL79.8 mn. Key balance sheet items and ratios can be found in Table: 3 in the Appendices. With a 32.74% share of the sector in terms of total asset size as of March, 2012, İş Yatırım also has the largest amount of paid-in capital at TL286 mn.

According to the current shareholder structure disclosed on the Company’s website, T.İş Bankası A.Ş. is the major shareholder, holding a 65.65% share. Additionally, T.İş Bankası A.Ş. holds 150,000 shares with the privilege of determining the majority of the Board members. Of the other remaining shares, İş Factoring owns 2.43%, İş Leasing 2.43% and 0.17% Cam İş Yatırım Holding, while 29.32% are publicly traded.

The Company’s consolidated subsidiaries and affiliates are given in Table: 2 in the Appendices. Shares of İş Girişim and İş Yatırım Ortaklığı, which offer financial services locally and internationally, are publicly traded while two other companies are located outside Turkey.

The Company has 10 branches in the cities of Istanbul, Ankara, Izmir, Bursa and Adana and 2 representative offices in Kazakhstan and Istanbul. In addition, more than 1,200 İşbank branches in Turkey also act as agencies of İş Yatırım. The Company has maintained an uninterrupted leading position in the stock market since 2003 and in the VOB (Turkish Derivatives Exchange) since its establishment in 2005 through its widespread service network. A workforce of 427 was employed as of August, 2012. Average age of the Company’s staff is 33 and 45% are women while 73% has undergraduate and 27% graduate level education.

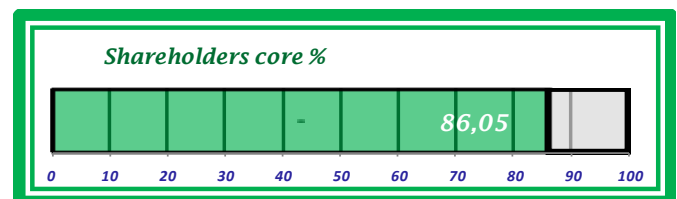
İş Yatırım’s Board consists of 7 members. Currently, 5 of the members are determined by İşbank and elected from among the experienced managers working in the relevant capital market departments of the Bank. Detailed information on the Board is presented in Table: 4. The General Manager and 5 Assistant General Managers compose the top level management of the Company.

The Company’s leading position in both market share and transaction volume has also been acknowledged in national and international awards. The Company was selected “Best Investment Bank in Turkey” and “Best Broker in Turkey” by EMEA Finance in 2012. In Turkey, the Company was given the award for the highest note in the Board of Directors category by the Corporate Governance Association of Turkey in 2012.

3. Shareholders

The Company’s score in the Shareholder field has been raised from a score of **8.13 (Outstanding)** to **8.61 (Excellent)**. The primary reason behind this increase are the important changes made in the shareholder section of the New Code. Due to these changes, JCR-ER changed the coefficients of the subsections and standards in the main section. The company’s level in this section and their corresponding notes are outlined below;

- Numerical value is **8.61**,
- Convergence Level **AAA(Trk)** representing the category of “**Distinctive Compliance**”,
- Notch degree (**a**) representing the category of “**Excellent**”,
- Outlook (**Stable**)



Shareholders Results
8,61
AAA (Trk)/a
Stable

Activities carried out during the monitoring period in the Shareholder field:

- ✓ Shareholders, stakeholders and prospective investors were regularly informed by the investor relations department via the web site, e-mail, teleconference, PDP (public disclosure platform) and e-governance platform of Central Registry Agency. Additionally, the managers of the department responded questions and inquiries received by telephone from the shareholders and stakeholders. No complaints were made by the shareholders in the observation period.
- ✓ The 2011 general meeting was held on May 9, 2012 at Company Headquarters. At this meeting, required changes in the Articles of Association were made in order to comply with the new CMB code. The meeting was observed by a JCR-ER analyst and the works undertaken by the Company were closely observed prior, during and following the meeting. Pre-meeting preparations, announcements and invitations were carried out by the Investor Relations Department according to the Code. Within the framework of democratic principles, all shareholders were treated equally, the Company’s 2011 activities were outlined, all shareholders were given the right to address each agenda item and voting was done by an open show of hands during the meeting. Following the meeting, the relevant documents were disclosed to investors on the Company’s internet site.
- ✓ On May 16, 2012, the Board of Directors decided to increase the paid-capital through bonus issue from 260 Mn. TL to 286 Mn. TL. The capital increase was ended and declared in the trade registry gazette in June 15, 2012.
- ✓ No shareholders have canceled any agreement or opened any lawsuit against the Company. No findings of discrimination against any shareholder were found.
- ✓ The company realized a net profit of 52.4 Ml. in 2011 and the decision to distribute 15.1 Ml. of this to shareholders was made in the general meeting on May 9, 2012. The dividend distribution table was disclosed to the public via the company’s website and the PDP following the general meeting.

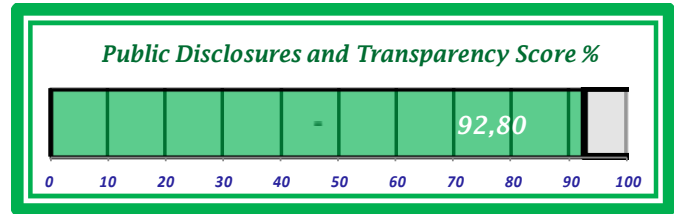
Outlook

JCR-ER is of the opinion that the Company will maintain its level of compliance with Code in the Shareholders field during the following monitoring period. For this reason, the Outlook for this section has been determined as “Stable”.

4. Public Disclosure and Transparency

The compliance level of the Company with the rules and implementations in the Public Disclosure and Transparency section has been increased to **9.28** from **9.12**. This important section focuses on the disclosure of information and documents needed by shareholders and stakeholders while protecting trade secrets. The Company’s level in this field and their corresponding notes are outlined below;

- Numerical value of **9.28**,
- Convergence Level **AAA(Trk)** representing the category of “**Distinctive Compliance**”,
- Notch degree (**aa**) representing the category of “**Superior**”,
- Outlook (**Stable**)



Public Disclosures and Transparency Results
9,28
AAA (Trk)/aa
Stable

Activities carried out during the monitoring period in this field:

- ✓ İş Yatırım disclosed 96 notifications to the Public Disclosure Platform (PDP) in the first half of 2012. Following these disclosures, the Company was not delisted on the ISE and no additional information was requested.
- ✓ The Company’s quarterly financial statements were released to the public within the period specified by CMB legislation and posted on its internet site.
- ✓ The company’s website is kept up to date in Turkish and English. A link to the PDP is included. Significant improvements in the Company’s organizational structure and operations are published in a timely

manner. For example, important decisions such as paid-capital increases, general meeting of shareholders' invitations and the selection of new board members were immediately reported to the PDP.

- ✓ The company publishes quarterly activity reports that include compliance report with the code. The 2011 annual report was also published with high compliance level with the code.
- ✓ The Company's 2011 financial tables were audited by the independent audit firm Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş – KPMG. There is no conflict interest with the audit firm.

Stakeholders Results
8,43
AA (Trk)/ bbb
Stable

Activities carried out during the monitoring period in the Stakeholders field:

- ✓ A communication channel was not yet established to secularly inform the audit committee about unethical and illegal activities.
- ✓ No lawsuits were opened against the Company by employees.
- ✓ İş Yatırım hired 45 new employees, 25 employees left the company and 3 employees retired. No loss in employee rights was observed during these developments.
- ✓ No suits were filed considerably by the customers against the Company, but there is a case result against to the Company in the monitoring period.
- ✓ No lawsuits were filed against the Company by suppliers.
- ✓ The Social Responsibility Policy was prepared by the Company and disclosed on the web site. Within the scope of social responsibility, the Company granted the amount of 35.175 TL out of the 2011 profit to some institutions such as Kızılay and Türk Eğitim Vakfı.

Outlook

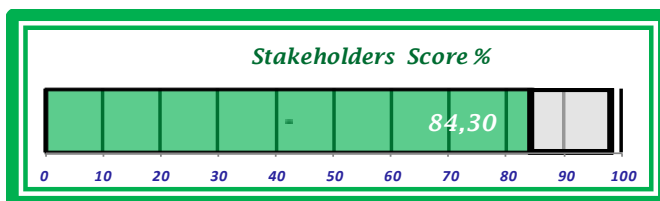
JCR-ER is of the opinion that the Company will maintain its level of compliance with Code in the Public Disclosure and Transparency field during the upcoming monitoring period. For this reason, the Outlook for this section has been determined as **"Stable"**.

5. Stakeholders

With the exception of upper-level managers, a company's employees, customers, suppliers, creditors, public authorities and the public in general are considered stakeholders of an institution. The rules and practices in this main section primarily aim to secure the rights of stakeholders, facilitate the exercise of their rights and thus to maximize their contributions to the institution.

Through the 8 month observation period beginning on 23.12.2011, İş Yatırım put the social responsibility policy into writing and disclosed it to the public. For these reason, the Company's compliance level in this filed has been increased from **8.24** to **8.43**. The company's level in this field and their corresponding notes are outlined below;

- Numerical value of **8.43**,
- Convergence Level **AA(Trk)** representing the category of **"Merit Compliance"**,
- Notch degree (**bbb**) representing the category of **"Outsanding"**,
- Outlook (**Stable**)



Outlook

JCR-ER is of the opinion that during the following monitoring period the Company will maintain its level of compliance with the code in the Stakeholders field. For this reason, the Outlook for this section has been determined as **"Stable"**.

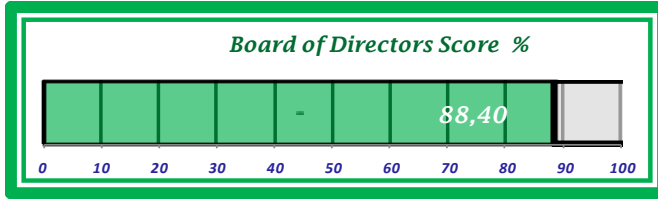
6. Board of Directors

This section consists of the board functions, qualifications, duties, powers and responsibilities of its members and upper-level managers, and the rules and practices related with established systems for effective supervision and control.

During the 8 month monitoring period beginning on 23.12.2011, a new independent member was elected to the Board. The audit committee consists of two independent member and the chairmen of the Corporate Governance and Remuneration committees are independent members. Additionally, the Board of Directors decided on the quorums of decisions and meetings and these were included in writing in the Company's internal regulations. For these improvements, the Company's compliance in the field of Board of Directors was increased from **8.68** to **8.84**.

The company's level in this field and their corresponding notes are outlined below:

- Numerical value is **8.84**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**a**) representing the category of "**Excellent**",
- Outlook (**Stable**)



Board of Directors Results	
8,84	
AAA (Trk) / a	
Stable	

Activities carried out during the monitoring period in this field:

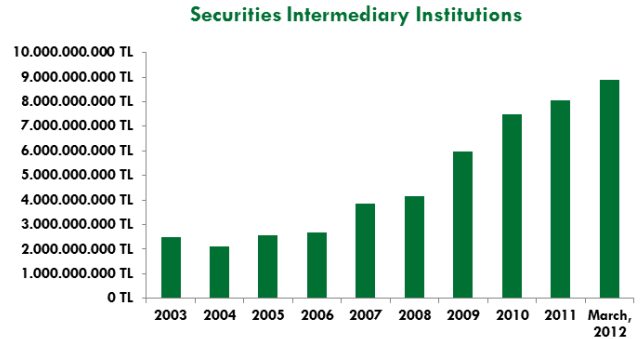
- ✓ At the general meeting held on May 09, 2012 the shareholders approved the 2011 activities of the Board of Directors.
- ✓ Mr. Behzat Yıldırım was elected to the Board as an independent member at the general meeting on 09.05.2012. Additionally, the representative of İş Bankası, Mr. Volkan Kublay, replaced Mr. Emre Duranlı on 16.08.2012 with the Board of Directors' decision. These changes were disclosed in a timely manner to the PDP.
- ✓ There were no changes in the top management.
- ✓ The Board of Directors' quorums of meeting and decision were included in writing in the internal regulation through a Board of Directors' decision.
- ✓ Eight Board of Director meetings were held during the monitoring period.
- ✓ All Board of Director Meeting preparations, applications and follow-ups were handled in accordance to Corporate Governance principles.
- ✓ The Corporate Governance Committee, within the scope of the Board of Directors, held 4 meetings. Recommendations made in these meetings were presented to the Board.
- ✓ The Audit and Remuneration Committees both held 2 meetings. Recommendations made in these meetings were presented to the Board.

Outlook

JCR-ER is of the opinion that the Company will maintain its level of compliance with Code in the Board of Directors field during the following monitoring period. For this reason, the Outlook for this section has been determined as "**Stable**".

7. Financial Efficiency

Brokerage houses constitute a considerably small sector as indicated by its share of 0.5% within Turkish financial sector which maintains assets with an approximate value of USD1,080 bn.



There were a total of 101 institutions with an asset size of TL8.9 bn (USD5.02 bn) as of March 2012. 101 brokerage houses, 40 licensed banks and 1 derivatives brokerage firm operate in the sector. Of these institutions;

- 85 brokerage houses have operations in Stock Market,
- 59 brokerage houses and 40 banks operate in the Bonds and Bills Market,
- 68 brokerage houses, 11 banks and 1 derivatives brokerage firm operate in Turkish Derivatives Exchange,
- 53 brokerage houses operate in the Warrant Market, and
- 8 brokerage houses operate in the Forex Trading Market.

TSPAKB (*) Members	INTERMEDIARY INSTITUTIONS (as of March 2012)	Markets				
		Stock Market	Bonds and Bills Market	Turkish Derivatives Exchange	Warrant Market	Forex Trading Market
101	No. of Brokerage Firms	85	59	68	53	8
40	No. of Banks		40	11		
1	No. of Derivatives Brokerage Firms			1		
142	Total	85	99	80	53	8

(*)The Association of Capital Market Intermediary Institutions of Turkey

According to March 2012 data, the sector had a business network of 155 branches, 65 liaison offices and 6,518 agencies (Bank Branch). Additionally, the sector maintains its activities also via internet network and call centers.

The brokerage houses in Turkey conduct their operations by means of license and authorization obtained within the framework of Capital Market Law and as member statuses in IMKB (ISE – Istanbul Stock Exchange).

Intermediation in capital market is defined as; purchase and sale of capital market instruments for commercial purposes by authorized institutions in their own name and for their own account, in the name and for the account of another person and in their own name and for the account of another person.

On the condition that they obtain authorization from the Board for each activity separately, brokerage houses, may engage in intermediation for the issuance or public offering of capital market instruments, intermediation for the purchase and sale of capital market instruments issued previously (secondary trading), and intermediation for the purchase and sale of derivative instruments as a whole or partially on the basis of categories including the futures and options contracts based on economic and financial indicators, capital market instruments, commodities, precious metals and foreign currencies. Furthermore, on the condition that they obtain authorization, brokerage houses may also undertake the activities of repurchase and reverse repurchase of capital market instruments, investment consultancy and portfolio management.

Banks may undertake intermediation in the purchase and sale of capital market instruments that are previously issued either off exchange or on exchange, except for shares. On the other hand, banks may also undertake intermediation in the repurchase and reverse repurchase agreements and the purchase and sale of derivative instruments.

Non-deposit banks may also undertake activities such as intermediation in the issuance or public offering of capital market instruments, portfolio management and investment consultancy in addition to the above mentioned activities. The development process of brokerage houses in Turkey was essentially initiated beginning with the establishment of IMKB, an organized secondary market where securities are traded.

While the banks could have operated in each field of capital markets, from 1997 forward, they could conduct their capital market activities through acquisitions of brokerage houses or establishing own ones.

Until 1997, commission rates were limited by a ceiling of 1% and from this year on, the minimum commission rate was determined as 0.2% excluding taxes. As from 2006, it was decided that intermediation commissions were to be specified freely upon agreement by brokerage houses and their customers.

Effective from 2002 forward, CMB concluded that brokerage houses might reimburse for a certain part of their monthly intermediation commission income by the name of commission refund to their customers to be determined at the end of each month.

İş Yatırım currently has the following authorizations, obtained from the CMB. A legal obligation for a minimum equity capital in the amount of 11 million TL is required for these authorizations.

Authorization Licenses obtained from CMB
• Brokerage
• Public Offering Intermediation
• Repo - Reverse Repo
• Portfolio Management
• Investment Consultancy
• Credit Operations Permit
• Derivatives Trading Intermediation TAASA (Overseas) - (VOBAŞ)
• Leveraged FX Trading-Market Maker

Under these licenses, İş Yatırım carries on the following activities;

- ✓ Public offering intermediation in primary markets,
- ✓ Repurchase and reverse repurchase of capital market instruments,
- ✓ Portfolio management (individual and institutional investors, mutual funds, etc.),
- ✓ Investment consultancy (bonds and bills issues, merger & acquisition, financial partnerships, capital increases, dividend distribution, privatization, etc.),
- ✓ Credit and derivative trading intermediation.
- ✓ Leveraged FX Trading - Market Maker

İş Yatırım's market share amongst brokerage houses in terms of asset size rose to 32.74% by March 2012 from 11.75% in 2004. With an asset size of TL3,521 mn according to June, 2012 data, İş Yatırım is Turkey's largest brokerage house.

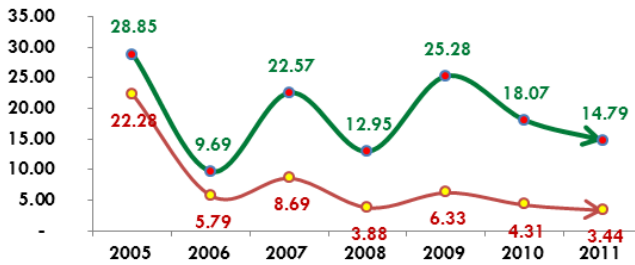
Market shares (In terms of transaction volume)					
Markets and Activities	2008	2009	2010	2011	March, 2012
Equity Market (Warrants included)	6.89%	7.95%	6.87%	7.32%	9.06%
Fixed Income Securities Trading Volume	4.15%	4.62%	5.67%	5.69%	4.08%
Turkish Derivatives Exchange (In the trading volume of brokerage)	15.50%	15.11%	13.25%	14.81%	16.17%
Leveraged FX Trading Volume	0.00%	0.00%	0.00%	54.27%	56.00%

İş Yatırım's market shares in terms of trading volume are shown in the table above, which indicate its extent and effectiveness across most of the transaction types.

The Company's profitability trend has followed a generally fluctuating yet downward course, despite being above general reference values, in connection with Turkey's conditions.

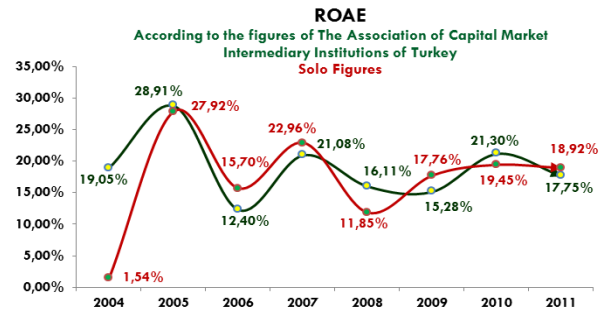
ROAE **ROAA**

The Consolidated Figures

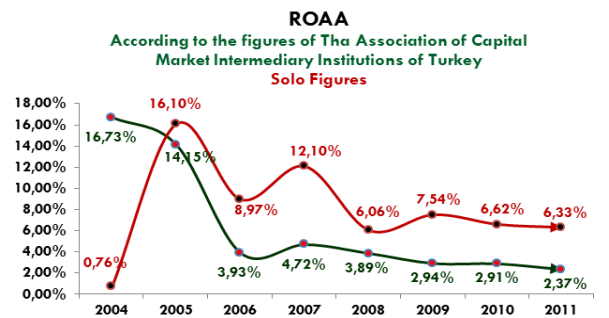


Although İş Yatırım's profitability and equity capital adequacy ratios remained slightly below sector averages and other participation banks' averages in 2009 and 2010 in comparison with profitability performance indicators, they remain significantly above international reference values.

İş Yatırım **Sector**



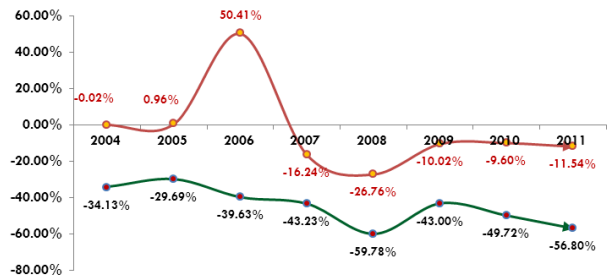
İş Yatırım **Sector**



The Company's equity level continues to increase at a level necessary to meet the required funding needs for the continuance and development of İş Yatırım's compliance with corporate governance principles.

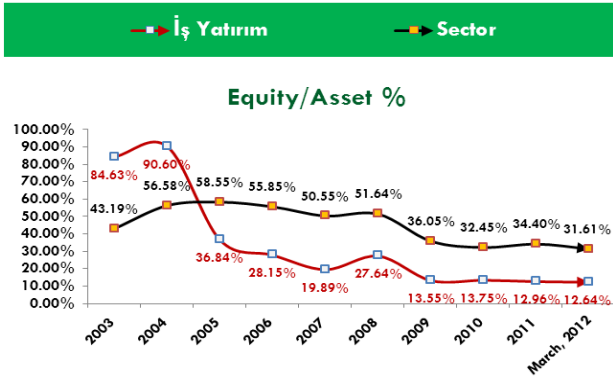
In terms of sustainability, increasing operating expenses and net financing expenses have a negative impact on profitability. As seen in the chart below, 56.80% of obtained total income was allocated for operating expenses and 11.54% for interest expenses as of 2011.

Activities Expenses/T.Income
Net Financing Expenses/ Principal Activity Revenues



The Company's high liquidity level, and ultimately, obtained high asset quality, continue. A very significant part of current assets is composed of cash and cash equivalents. On the other hand, albeit reasonable, the level of securities among assets still implies an interest rate risk.

From the aspect of equity capital adequacy, while İş Yatırım's equity/assets ratio stand below the sector averages, they remain significantly above international reference values.



The positive balance of free funds ratio in the balance sheet composition and the long-term continuation of this positive balance also support profitability.

The level of market risks, such as exchange rate and interest rate formed through transactions both within and off the balance sheet do not have adversities on the asset quality and profitability.

As a result, high levels of İş Yatırım's equity capital structure, asset quality and internal profit generation capacity are maintained and these contribute to the sustainability and improvement of compliance level with the corporate governance principles.

8. Appendix

(4 Tables)

Table:1									
İŞ YATIRIM MENKUL DEĞERLER A.Ş.									
SHAREHOLDING STRUCTURE									
Years	2004	2005	2006	2007	2008	2009	2010	2011	August, 2012
TL (000)	45,000	96,800	96,800	119,387	119,387	119,387	200,000	260,000	286,000
USD (000)	33,675	72,142	68,867	102,505	78,944	79,290	129,366	137,646	161,318
Shareholders	Share	Share	Share	Share	Share	Share	Share	Share	Share
	%	%	%	%	%	%	%	%	%
İş Bankası A.Ş. (A Group)	0.33%	0.15%	0.15%	0.13%	0.13%	0.13%	0.08%	0.08%	0.05%
İş Bankası A.Ş. (B Group)	91.67%	91.85%	91.85%	65.53%	65.53%	65.53%	65.58%	65.57%	65.60%
Publicly Traded (B Group)	0.00%	0.00%	0.00%	27.86%	27.86%	27.86%	29.31%	29.31%	29.32%
Other (B Group)	8.00%	8.00%	8.00%	6.49%	6.49%	6.49%	5.04%	5.04%	5.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table: 2							
AFFILIATES AND SUBSIDIARIES as of June 2012							
Head	Fields	Total Assets	Net Profit	Paid-Capital	Interest	Acquisition	
Quarters	Of Activities	TL(000)	TL(000)	TL(000)	Share %	Date	
Consolidated Subsidiaries							
Camış Menkul Değerler A.Ş.	Turkey	Securities brokerage	19,366	(99)	6,696	99,79	31.07.2003
Efes Varlık Yönetim A.Ş.	Turkey	Asset Management	53,537	(336)	10,000	74.00	14.02.2011
İŞ Girişim Sermayesi Yat. Ortaklığı A.Ş.	Turkey	Private equity	227,276	28,229	57,960	29.01	23.10.2000
İş Portföy Yönetimi A.Ş.	Turkey	Portfolio management	63,330	4,518	45,000	70,00	04.10.2000
İş Yatırım Ortaklığı A.Ş.	Turkey	Investment trust	223,527	20,124	134,663	26.47*	03.06.2003
Maxis Securities Ltd.	United Kingdom	Securities brokerage	54,697	(218)	3,000 (GBP)	100.00	29.09.2005
Is Investments Gulf Ltd.	Dubai	Securities brokerage	1,462	65	1,000 (USD)	100.00	01.07.2011

*September 2012

Table:3								
İŞ YATIRIM MENKUL DEĞERLER A.Ş.								
Financial Data	1H2012	2011	2010	2009	2008	2007	2006	2005
Total Assets (000 USD)	1,949,347	1,621,751	1,737,194	1,686,102	980,519	1,065,261	385,703	274,552
Total Assets (000 TL)	3,521,496	3,063,325	2,685,702	2,538,764	1,482,839	1,240,710	542,144	368,394
Equity (000 TL)	741,385	687,521	650,022	597,464	409,930	406,306	280,159	263,584
Net Profit (000 TL)	75,634	84,893	98,191	114,131	41,896	69,168	24,119	60,922
Market Share (%) (Asset Size)	32.74*	32.74	30.81	36.88	31.88	32.22	20.19	14.51
ROAA (%)	-	3.44	4.31	6.33	3.88	8.69	5.79	22.28
ROAE (%)	-	14.79	18.07	25.28	12.95	22.57	9.69	28.85
Equity/Assets (%)	21.05	22.44	24.20	23.53	27.64	32.75	51.68	71.55
Internal Equity Generation (%)	18.91	22.66	29.86	41.85	17.20	42.96	13.92	50.75
Liquidity Requirement Ratio	-	120.64	125.67	123.15	130.20	143.18	175.36	309.37
Own Fund/Total Debt	-	12.19	14.13	12.45	16.25	21.01	45.19	125.50
Annual Growth Rate (%)	14.96	14.06	5.79	71.21	19.52	128.85	47.16	49.43

*March 2012

**Table: 4
BOARD OF DIRECTORS**

Name	Task	Profession	Election Date	Experience (Years)	Education	Executive/Non Executive	Independent/Not Independent	Committee Membership
Özcan TÜRKAKIN	Chairman	Banker	23.03.2004	28	Graduate	Non Executive	Not Independent	
Güzide Meltem KÖKDEN	Vice - President	Banker	15.03.2007	21	Graduate	Non Executive	Not Independent	
Volkan Kublay	Member	Banker	16.08.2012	12	Undergraduate	Non Executive	Not Independent	Corporate Governance, Remuneration
Feray DEMİR	Member	Banker	26.04.2010	24	Undergraduate	Non Executive	Not Independent	
Melih Murat ERTEM	Member	Banker	10.12.2010	16	Undergraduate	Non Executive	Not Independent	
Abdullah AKYÜZ	Member	Manager	26.10.2011	26	Graduate	Non Executive	Independent	Audit, Remuneration
Behzat Yıldırım	Member	Banker	09.05.2012	29	Undergraduate	Non Executive	Independent	Audit, Corporate Governance