

With the strength brought
from our history...

A sample of stone blog, from the historical traces of the world's oldest bourse located in Aizanoi, Kütahya.

Corporate Values

Halkinvest has adopted the principle of being an institution, which is customer- and market-oriented in the capital markets. Halkinvest is an objective, dynamic and an innovative institution, which attaches its core values to its employees who believe in teamwork, comply with the law, and who consistently abide by corporate governance rules and ethics.

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Turkey boasts an incredibly deep cultural heritage. I think this extraordinary feature brings in social responsibilities to each individual and legal institution in Turkey. I would like to explain the subject from a different perspective:

The Chicago Mercantile Exchange continues the open outcry ritual of the 1800's with Pit Trading, and the London Metal Exchange with Ring Trading. Did you know that this market phenomenon, which we watch with admiration used to be performed in our country about 2,000 years ago? I am talking about the "tholos" in the "macellum" in the antique city of Aizanoi currently located in Çavdarhisar, Kütahya.

As the General Manager of Halkinvest, I invite you to learn more about the historical site of Aizanoi, by using the following link: "<http://whc.unesco.org/en/tentativelists/5724/>".

The ancient site of Aizanoi was discovered in 1824, unveiled a century later in 1926 by the German Institute of Archaeology, and it was nominated for the UNESCO World Heritage later in April 2012. Today, the excavations are still carried out by Pamukkale University.



Murat ÇETİNKAYA
General Manager

Aizanoi
(Çavdarhisar-Kütahya)
Turkey

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13/04/2012

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District of Çavdarhisar,
Province of Kütahya

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UNESCO

The ancient city of Aizanoi carries remnants of trade conducted about 2000 years ago...

In 2nd and 3rd centuries AD, in their heyday, the Aizanitis, who lived on the Ancient Phrygia, accumulated wealth by the production of wool, wine and grain.

It has been said that the oldest bourse, most probably a food market (the “macellum’), dates back to the 2nd century AD, and is located in Aizanoi. The prices of the goods traded in the “macellum’ are inscribed in Latin and Greek on the walls of the circular shaped market.



The Ancient City of Aizanoi, located in Çavdarhisar, is a town located 57 km from the city center of Kütahya and hosts the most protected temple in Anatolia constructed on behalf of Zeus. Besides that, there are an amphitheatre complex, two sets of thermal baths and a gymnasium in the city. The city also includes five bridges, an ancient dam, a bourse building, colonnaded streets, a necropolis, and the sacred cave of Metre Steune.

Corporate Profile

Having anticipated the opening of a new horizon in Turkey following the global financial crisis, Halkinvest is determined to be a pioneer of progress through its belief in the future of the capital markets and its unique approach to universal markets.

Halkinvest aims to become one of the global and leading brokerage houses in Turkey and to be the focal point for the Halk Group in capital markets through its efficient business model based on:

- establishing and sustaining relations with clients based on efficiency and trust,
- sharing up-to-date and objective information with investors in a timely fashion,
- integrating technological innovations to its service platform,
- effective utilization of its distribution channels.

Capital Markets Board (CMB) of Turkey has authorized Halkinvest to execute the following transactions:

- **Securities Trading**
- **Repo and Reverse Repo,**
- **Portfolio (Asset) Management,**
- **Investment Consultancy,**
- **Public Offerings,**
- **Margin Trading, Short Selling, Borrowing and Lending of Securities,**
- **Trading of Derivative Instruments.**

Halkinvest At a Glance

Founded in: 1997
 Number of Branches: 11
 Number of Agents: All Halkbank Branches
 Alternative Distribution Channels:
<http://www.halkyatirim.com.tr>
 Yatirim Dialog (444 HALK)
 (444 4255)

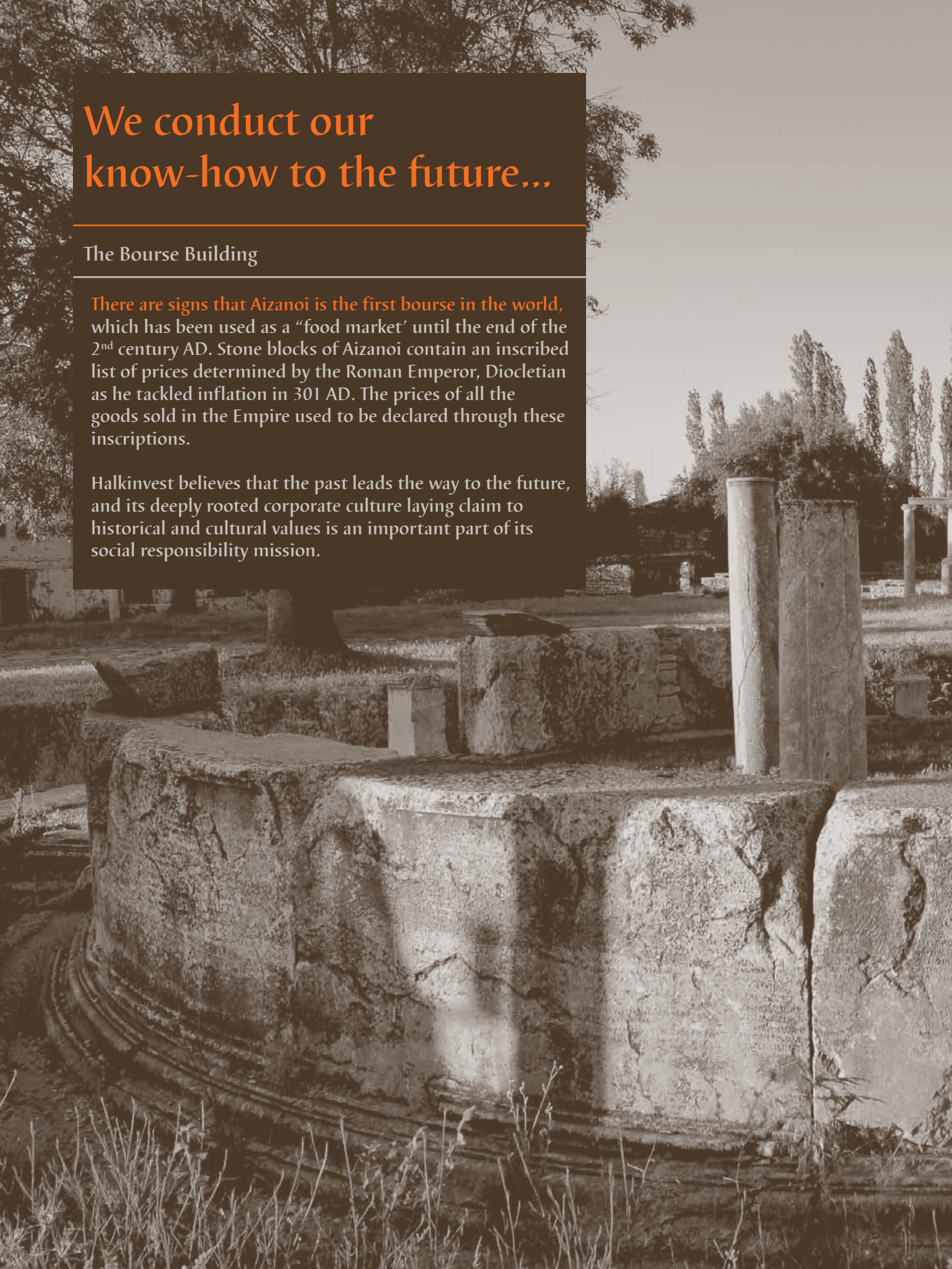
Halkinvest is a 99.9% owned subsidiary of Halkbank.

We conduct our know-how to the future...

The Bourse Building

There are signs that Aizanoi is the first bourse in the world, which has been used as a “food market” until the end of the 2nd century AD. Stone blocks of Aizanoi contain an inscribed list of prices determined by the Roman Emperor, Diocletian as he tackled inflation in 301 AD. The prices of all the goods sold in the Empire used to be declared through these inscriptions.

Halkinvest believes that the past leads the way to the future, and its deeply rooted corporate culture laying claim to historical and cultural values is an important part of its social responsibility mission.

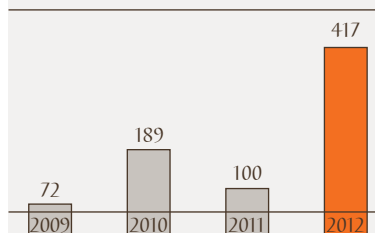




Key Indicators

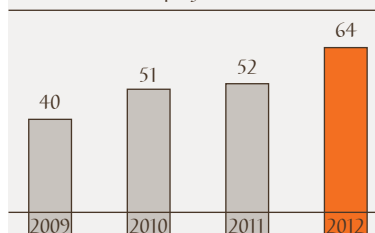
Financial Indicators	31.12.2012	31.12.2011
Balance Sheet		
Assets		
Current Assets	410,170,222	95,321,243
Cash and Cash Equivalents	151,792,848	8,986,943
Non Current Assets	7,238,590	4,291,149
Total Assets	417,408,812	99,612,392
Liabilities		
Current Liabilities	353,020,488	47,694,056
Non Current Liabilities	284,846	236,149
Equity	64,103,478	51,682,187
Net Profit (Loss) for the Year	10,058,976	10,335,913
Total Liabilities	417,408,812	99,612,392
Statement of Income		
Gross Profit (Loss)	23,786,414	26,182,630
Operational Profit (Loss)	6,675,908	11,308,214
Profit (Loss) before Tax	12,555,651	12,921,920
Tax	2,496,675	2,586,007
Net Profit (Loss) for the Year	10,058,976	10,335,913
Financial Ratios		
Liquidity Ratios		
Current Ratio (Current Assets/Current Liabilities)	116%	200%
Liquidity Ratio (Cash and Cash Equivalents/Current Liabilities)	43%	19%
Financial Structure Ratios		
(Current Liabilities+Non Current Liabilities)/Assets	85%	48%
Equity/Assets	15%	52%
Profitability Ratios		
Net Profit/Assets	2%	10%
Net Profit/Equity	16%	20%

Total Assets (TL million)



CAGR (08-12): 83%

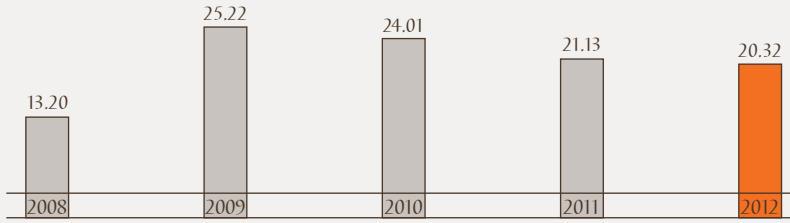
Shareholders' Equity (TL million)



CAGR (08-12): 20%

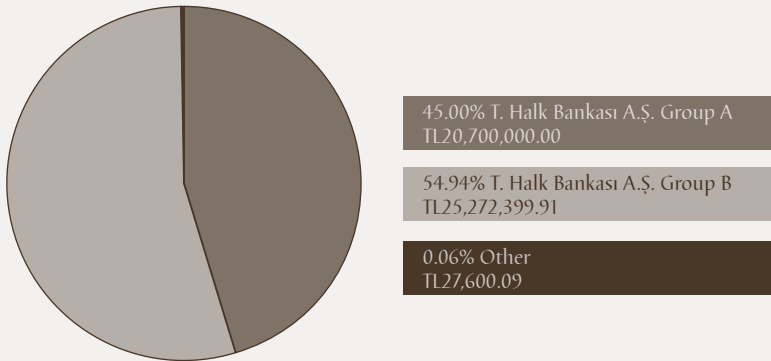
In a year marked by drastic declines in revenues and profitability among brokerage houses in Turkey, Halkinvest has succeeded in maintaining its profitability and closed the year with a 20% Return on Equity.

RoE* (%)



* Calculations based on the Tax Procedural Law

Shareholder and Capital Structure



A participation of Halkinvest: Halk Asset Management

Halk Asset Management has been founded by registry in the Istanbul Commercial Registry on June 24th, 2011 and declaration in the Commercial Registry Gazette dated June 30th, 2011 No: 7848. The aim of the subsidiary is to undertake the capital market operations defined in its Articles of Association, in conformity with the Capital Markets Law and relevant regulations.

Founded in: 2011

The share of Halkinvest in paid-in capital: **25%**

Main area of activity: Asset Management

Message from the Chairman



Halkinvest has taken crucial steps towards becoming the focal point for Halkbank and its participants(Halkbank Financial Group) in capital markets by making significant investments in infrastructure, human resources, information and experience for the future. These steps are taken towards the Company's ultimate goal of becoming a 'financial supermarket'.

In new economic conjuncture, where balances are changing and competition is gradually increasing, a brand new opportunity has arisen for Turkey in the wake of the 2008 global financial crisis. Turkey's asset price and yield performance decoupled positively from its peers thanks to rich capital inflow to the emerging markets following the surge of global liquidity after the financial crisis of 2008. In the period ahead, we expect global financial and economic conditions to continue to back the Turkish capital markets.

In 2012, Halkinvest started to see the initial results of the integration process with Halkbank, which started a year ago through the Project of Coordinated Capital Market Activities.

As a frontline player in the capital markets, Halkinvest believes in the future of the Brokerage Houses Sector, which is undergoing a restructuring process under the supervision of the Capital Markets Board. While we are undertaking investments in infrastructure, human resources, information and know-how on one hand, we are also taking important steps towards becoming a reference point for Halkbank and its participations (Halkbank Financial Group) in the capital markets. These steps are taken towards the Company's ultimate goal of becoming a 'financial supermarket'. Our targets for Halkinvest are to enrich its operational diversification by addressing Turkey's economic needs and thus to actively penetrate in every segment of the capital markets, to raise its revenue base through diversification, and to manage the Company in line with Turkey's mounting role in the global arena.

In 2012, Halkinvest has started to harvest the crops of the integration process with Halkbank that started a year ago through the Project of Coordinated Capital

Market Activities. In a year when equity trading transaction volumes contracted in line with the global trend, which was broadly accompanied by a plunge in revenues and profitability from brokerage activities, Halkinvest succeeded in maintaining its profitability and closed the year with a 20% Return on Equity(ROE). Today, we focus on the future with more strength, determination and confidence than ever. In a period where there are signs of radical changes ahead of the Turkish capital markets, we are pleased to note that we are reaping the fruits of the changes that we have been making in the Company's organizational structure.

In addition to mainstream brokerage services, our Company has taken great strides to become an important player in corporate finance and investment consultancy activities, which are significant investment banking operations. We will continue to contribute and support the effective and efficient running of the Turkish capital markets on behalf of our main shareholder, Halkbank.

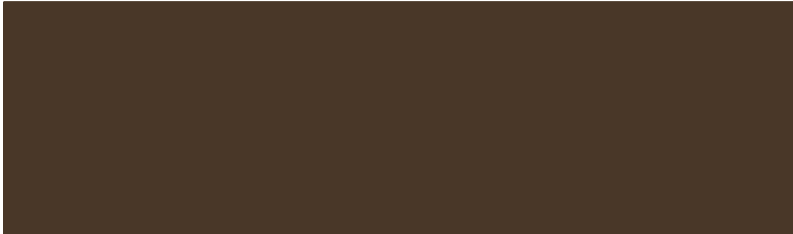
In the period ahead, the main target of Halkinvest is to extend products and services which satisfy international standards in an effective, continuous, and reliable manner, which will contribute to Istanbul's vision of becoming a global financial center and boost the competitive strength of the Turkish financial markets.

On behalf of myself and our Board of Directors, I would like to thank our clients, our shareholders, our employees and all of our business partners who contributed to our strong performance in 2012, with whom we have completed many exciting projects.



İsmail Hakkı İMAMOĞLU
Chairman of the Board of Directors

Message from the General Manager



Halkinvest has started to reap the fruits of its short-medium term structural transformation plan, which was prepared in 2010 with a 5-year horizon. Our plan included the possibility of losses in the first two years of the restructuring process. However, we have reported an average RoE of 22% within 2010, 2011, 2012; a benign result offering us tremendous motivation to continue our determined efforts. Halkinvest had achieved a CAGR (Compound Average Growth Rate) of 69% for its total assets, 16% for its equities, 35% for its equity market transaction volume, 21% for its overall accounts under custody, and 26% in its net earnings from 2008 to 2012.

While our country is in the process of transformation in the capital markets, we have been steadily increasing our range of activities.

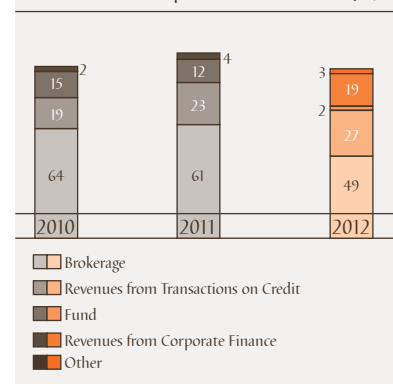
We are determined to go ahead with our main strategies; which can be summarized as effective marketing, sound cash management and high quality corporate finance service. We started to achieve successful results through our re-defined cooperation with our main shareholder, Halkbank. Halkinvest switched from a cost-based agency model to a revenue sharing system at the beginning of 2012, which has transformed all branches of Halkbank into a potentially hands-on and effective marketing-sales channel of Halkinvest. Well aware that this is only the beginning of a new era for Halkinvest, we adopt the principle of working pertinaciously to spread awareness of the aforementioned distribution channel. We believe that we would become one of the most effective brokerage houses in Turkey thanks to the support of HalkBank's power making effort in the field. Indeed, Halkbank, one of the major players in the Turkish Banking System, has been supporting us in our operations. This should be highlighted given the tremendous growth potential ahead for the Turkish capital market in the existing conjuncture.

On the cash management front, we had transferred our asset management line to Halk Asset Management, which we participate with 25% stake. As a result of the transfer, for 2012 and beyond, we have relinquished potential revenue which stands around 30% of our 2011 net earnings. However, as the investment banking sector contracts where almost half* of the players have recorded losses, we have not only sustained our profitability in 2012 but also exceeded our 2011 net earnings by compensating for the aforementioned revenue loss resulting from the transfer. We have carried out our sound cash management mission by establishing a professional structure and providing effective support for the implementation of marketing strategies. Within the asset market of Turkey, not only the volume of the funds managed but also the quality they carry increased.

We believe that in the current environment, where real and nominal return rates have undergone such a decline, as sector players, we have a duty to prepare more qualified fixed

income and equity portfolios with a long term perspective, as well as liquid funds, and we must inform our investors to increase their awareness. In order to address this, our Company introduced the Halkinvest Type B Variable Dynamics Fund (DYD Fund) in August 2012, and the size of the fund quickly exceeded TL20 million. The DYD Fund has the flexibility to have 100% equity or 100% cash exposure; as such it could be considered as a form of unleveraged free type of fund. We established this mutual fund and transferred its management to Halk Asset Management.

Breakdown of Operational Revenues (%)



* Data dated 2012/09 from The Association of Capital Market Intermediary Institutions of Turkey

Corporate finance had accounted for 10% of our revenues in 2011. In 2012, this share rose to 19%...

We believe that this fund will grow rapidly as we are highly confident that it represents a strong step towards addressing a major deficiency in the market.

One of the other main targets of our restructuring process was to improve our competence in investment banking and transform our corporate finance activities into one of the major components of our revenue base. We are delighted to note that Halkinvest appears to be reaching a more prominent and renowned position in the Turkish capital markets, not only in terms of fixed income and equity market transactions, but also in M&A activities. From a company that was not generating any revenue from this segment in 2010; we reached a structure where we generated 10% of our revenues from corporate finance in 2011 that nearly doubled to 19% in 2012.

Aforementioned developments indicate that Halkinvest's twin pronged business model is rapidly and successfully growing. Our target is to find a successful balance between brokerage and corporate finance activities, and sustain service diversification where these two areas will serve as the main pillars of our Company's growth.

Another topic I would like to highlight is our leveraged foreign exchange (FOREX) transaction services. We have undertaken detailed preparations in order to begin providing FOREX transaction services in 2013. Our target within FOREX transaction framework is to satisfy our customers' needs with high quality research reports and meet the demand regarding FOREX transactions with products focused both on domestic and foreign markets. Our main emphasis will be to raise the awareness of our customers

regarding the necessity and importance of effective risk management. Halkinvest aims to become the first service provider of leveraged transactions amongst state-owned financial institutions and to be among the top 5 provider in its peer group.

Another satisfactory result in 2012 was the progress that we made in our technological infrastructure. In order to improve the effectiveness of our service platforms and maintain its quality, we completed a number of major investments. Under the guidance of new legal regulations, our targets and sales strategies; we repositioned different technologies within the Company and integrated them into the existing system. As such, we completed the investment and integration of a new transaction platform which provides the technological infrastructure necessary for FOREX transactions, and we enabled our customers to

In 2012, around 60% of customer transactions were realized via electronic platforms...

access our services and execute transactions via mobile platforms, including iPhone, Blackberry and Android systems, mobile phones and tablet computers. Around 60% of customer transactions were executed via electronic platforms in 2012. This is well above the sector average, and it should not be considered as a surprising result due to the technological developments undertaken at Halkinvest. Our target is to increase this proportion to 70%.

With the establishment of Borsa Istanbul A.Ş., our preparations regarding the Istanbul International Finance Center Project have been accelerated. Towards the end of 2012, there were a number of major developments which will shape the future of the Turkish capital markets. The Capital Markets Law No: 6362, approved on December 6th, 2012, introduced a number of new

regulations. Within the context of the new law, the ISE, the Istanbul Precious Metals and Stones Market have been merged under the name of Borsa Istanbul A.Ş. The economic conjuncture offers a new opportunity for Turkish capital markets. The state authorities have restructured the institutions and regulations. With real interest rates at historically low levels, excess fund and fund needs will fly from a short term money market focus to long term capital markets. All economic agents have to adapt themselves to this new structure. Halkinvest is preparing itself to face the upcoming competition. We expect a decline in the number of investment companies. Companies like Halkinvest with its strong shareholder support and structure will not only be the drivers of the competitive environment but also among the major player adding further value to the capital markets.

We will go ahead in our journey to the future in the Turkish Capital Markets, gaining strength from the cooperation with our main shareholder, Halkbank - "The Strong Bank of Productive Turkey". I would hereby like to express all my gratitude, first and foremost to our investors and customers, to our employees, to Halkbank, and to all of the individuals, corporations and institutions who believe, trust and support Halkinvest through this journey.



Murat ÇETİNKAYA
General Manager

Board of Directors

İSMAİL HAKKI İMAMOĞLU

Chairman of the Board of Directors

Born in 1960 in Sürmene, near Trabzon, Mr. İmamoğlu graduated from the Faculty of Administrative Sciences at the Ankara Academy of Economic and Commercial Sciences. He started his career at T. Vakıflar Bankası as an Inspector in 1984 and went on to assume a number of posts as the Vice Chairman of the Board of Inspectors, as the General Manager, as the Secretary General of the Administrative Council, as a Branch Manager and as the Head of the Department at T. Vakıflar Bankası A.Ş. Following this, Mr. İmamoğlu worked as the Chairman of the Board of Inspectors at Sümerbank and Toprakbank, and as a Coordinator at Bayındırbank. Mr. İmamoğlu joined T. Halk Bankası A.Ş. as a Regional Coordinator on July 1st, 2003, assuming the role until March 27th, 2011, after which he was appointed as the Deputy General Manager responsible for Artisan and SME Banking-2 between March 28th, 2011 and July 21st, 2011. Hence, he has been working as a Deputy General Manager in charge of Retail Banking. Mr. İmamoğlu also serves as the Chairman of the Board of Directors at Halkinvest.

MÜRSEL ERTAŞ

Vice Chairman of the Board of Directors

Mürsel Ertaş was born in Ordu in 1964 and graduated from the Department of Foreign Trade and Foreign Exchange, Faculty of Economic and Administrative Sciences at Gazi University. Having embarked on his career as an Assistant Controller at Türkiye Halk Bankası A.Ş. in 1986, where he subsequently served as an Assistant Inspector, Inspector, Branch Manager, Regional Coordinator and as the Head of the Department, Mr. Ertaş has been working as the Deputy General Manager responsible for Risk Monitoring and Liquidation since October 12th, 2010. Mr. Ertaş also serves as the Vice Chairman of the Board of Directors at Halkinvest.

SELAHATTİN SÜLEYMANOĞLU

Member of the Board of Directors

Selahattin Süleymanoğlu was born in Alucra, near Giresun, in 1962 and graduated with a degree in Physics and Chemistry from the Faculty of Arts and Sciences at Ondokuz Mayıs University, and Business Administration at the Faculty of Economic and Administrative Sciences at Gazi University. After completing his undergraduate degrees at Ondokuz Mayıs University and Gazi University consequently, he completed a Master's degree at the International Relations and Finance Department at Selçuk University. He served as an Assistant Inspector and Inspector for Adabank and Emlakbank. Having worked as a Branch Manager at T. Emlak Bankası A.Ş. at the Necatibey, Ulus and Kızılay Branches in Ankara, he was appointed as the General Director of T. Emlak Bankası A.Ş. Karadeniz Region in 2000. In line with the restructuring process at state banks, Mr. Süleymanoğlu started working as a Branch Manager at T. Halk Bankası A.Ş. Tunalı Hilmi Ankara Branch in 2001 before going on to serve as the Managing Director at Kızılay, Yenişehir and Ankara Corporate Branches. He was consequently appointed as the Deputy General Manager responsible for Risk Monitoring and Liquidation on July 1st, 2007, as the Deputy General Manager responsible for Operational Transactions on January 13th, 2009, and as the Deputy General Manager responsible for Risk Management and Internal Control on September 27th, 2010 at T. Halk Bankası A.Ş. Mr. Süleymanoğlu has also served as a member of the Board of Directors at Halk Hayat ve Emeklilik A.Ş., and on the Board of Directors at Halkinvest.

LEVENT EREN

Member of the Board of Directors

Levent Eren was born in Merzifon, near Amasya, in 1975 and graduated from the Department of Finance, Faculty of Political Sciences at Istanbul University in 1997. He began his career as an Assistant Inspector at the Directorate General of Foundations before being appointed as a Treasury Controller and Internal Auditor at the Undersecretariat of Treasury. He worked as a Consultant to the Undersecretariat of Treasury for 2,5 years starting January 2005. He was a Board member at Başkent Elektrik Dağıtım A.Ş. between 2005 and 2007. He completed an MBA in Economics at the North Carolina State University in the US in 2009. In July 2009, he was appointed as a member of the Audit Committee at the ECO Trade and Development Bank where he still continues to serve in this position. He has also worked as an advisor to Mr. Ali Babacan, the Deputy Prime Minister, since May 2009. He also serves as a Board member at Halkinvest.

LEVENT BALKAN

Member of the Board of Directors

Levent Balkan, born in Istanbul in 1961, graduated from the Faculty of Divinity at Ankara University before going on to complete a Master's degree at the same university. He started his career in 1989 at Albaraka Türk Katılım Bankası as an Assistant Manager in the International Department before he started serving as a Branch Manager at T. Halk Bankası A.Ş. between 2005 and 2008. Having worked as the Head of International Banking and Structured Finance Department in 2008 and 2009, he has been working as the Head of International Transactions Operations Department since 2009. Mr. Balkan also serves as a member of the Board of Directors at Halkinvest.

OLCAY DOĞAN**Member of the Board of Directors**

Born in Kazan/Ankara in 1970, Olcay Doğan graduated from the Department of Business Administration from the Faculty of Political Sciences at Ankara University in 1992. He began his career as an Assistant Inspector at T. Halk Bankası A.Ş. where he worked as an Inspector, Vice President of the Inspection Committee, Department Head of Internal Control, Department Head of Training and Department Head of Budget Performance. Mr. Doğan has been serving as the Department Head of Deposits and Cash Management since March 31st, 2010, and also serves as a Board member at Halkinvest.

AHMET KARAKAŞ**Member of the Board of Directors**

Ahmet Karakaş was born in Konya in 1969 and graduated from the Department of Business Administration at Gazi University in 1993. He began his career in 1994 at T. Halk Bankası A.Ş. where he served as an Assistant Inspector, Inspector, Head of the Department of Risk Monitoring and Elimination, Head of the Department of Legislation and Banking Services, and then as the Head of the Department of Artisan Banking. Mr. Karakaş has been working as a Consultant to the General Manager at T. Halk Bankası A.Ş. since July 21st, 2011. He also serves as a member of the Board of Directors at Halkinvest.

DURŞUN ALİ ALEV**Member of the Audit Committee**

Dursun Ali Alev was born in Istanbul in 1962 and graduated from the Department of Business Administration at the Anatolian University in 1991. He began his career at T. Halk Bankası A.Ş. in 1985 as a clerk before being appointed as a Branch Manager at the same bank. Mr. Alev has been serving as the Chairman of the Department of Treasury Operations since 2005. He also works as a member of the Audit Committee at Halkinvest.

KADİR YAYLAK**Member of the Audit Committee**

Kadir Yaylak was born in Adana in 1969 and graduated from the Department of Labor Economics and Industrial Relations at the Faculty of Economic and Administrative Sciences at Gazi University in 1992. He worked as a substitute lecturer at the Ministry of National Education in Ankara in 1993. In 1994, he joined T. Halk Bankası A.Ş. where he respectively served as an Assistant Inspector, Inspector, Career Inspector, Chief Inspector, Vice President of the Inspection Committee and as the Department Manager. He has been serving as the President of the Tax Management and Accounting Department since 2009. He also serves as a member of the Audit Committee at Halkinvest.

SAMİ BACANAK**Member of the Audit Committee**

Born in Antakya in 1961, Sami Bacanak graduated from the Department of Public Finance at Gazi University in 1983. Starting his career as a tax officer at Hatay Revenue Office, Mr. Bacanak then worked for the General Directorate of Public Accounts and in various positions at T.C. Ziraat Bankası A.Ş., Pamukbank T.A.Ş., and T. Halk Bankası A.Ş. Still serving as a Coordinator at the 2nd Izmir Region at T. Halk Bankası A.Ş., Mr. Bacanak is also a member of Halkinvest's Audit Committee.

Senior Management



MURAT ÇETİNKAYA**General Manager**

Born in Ankara in 1970, Murat Çetinkaya completed his high school education at TED Ankara College. After graduating from the Department of Metallurgical and Materials Engineering at the Middle East Technical University, he also studied at T.C. Ziraat Bankası A.Ş. School of Banking and completed an MBA at the Institute of Banking and Insurance at Marmara University. He began his career at the Department of Fund Management at T.C. Ziraat Bankası A.Ş., worked as the Deputy Chair of Treasury at Tekstilbank A.Ş., and later as the Head of Treasury at Diler Yatırım Bankası A.Ş. Mr. Çetinkaya has been working as the General Manager of Halkinvest since August 5th, 2010 and as the Vice Chairman of the Board of Directors at Halk Asset Management since May 14th, 2012. At the same time, Mr. Çetinkaya has also been serving as a Board Member at the Borsa İstanbul Disciplinary Committee since May 2012 and as the Vice President of the TOBB Turkish Capital Market Assembly since August 2012.

ALİ ÖMÜRBEK**Deputy General Manager**

Ali Ömürbek was born in Iran in 1964 and graduated from the Department of Mathematical Engineering at the Istanbul Technical University in 1991. He began his career as a software and analysis engineer in a computer company. He then worked as the IT Director at General Finans Menkul Değerler A.Ş. before joining Halkinvest in 2002 where he also served as the IT Director. Mr. Ömürbek has been serving as the Deputy General Manager since December 2008.

NİL MÜHÜR**Deputy General Manager**

Nil Mühür, born in Izmir in 1972, completed her high school education at İzmir Bornova Anatolian High School before graduating from the Department of Econometrics, Faculty of Economic and Administrative Sciences at Dokuz Eylül University in 1993. During the same year, she completed a program at T.C. Ziraat Bankası A.Ş. School of Banking and started working at Securities Desk at Izmir Branch at T.C. Ziraat Bankası A.Ş. as a specialist after her graduation in 1994. Afterwards, she served as a manager at Ziraat Yatırım Menkul Değerler A.Ş. and at various brokerage houses. Ms. Mühür has been serving as the Deputy General Manager at Halkinvest for the last four years responsible from Marketing, Corporate Communications, Organized Markets and Alternative Distribution Channels.

AZMİ DÖLEN**Deputy General Manager**

Born in Ankara in 1963, Azmi Dölen graduated from the Department of Business Administration at Marmara University. He completed an MBA in European Studies at the same university in 1990. He began his career as a Research Assistant at the Institute of European Community at Marmara University before going on to work in various positions at Koçbank, Osmanlı Bankası, Credit Suisse First Boston (London), Lehman Brothers (London), Merrill Lynch (London) and later at the Access Turkey Fund. Mr. Dölen has been serving as the Deputy General Manager at Halkinvest since November 2nd, 2010.

BÜLENT SEZGİN**Deputy General Manager**

Bülent Sezgin, born in Bandırma in 1975, graduated from the Department of Political Sciences and Public Administration at the Middle East Technical University in 1997. Starting his career at Esbank T.A.Ş. as a Management Trainee in 1997, he went on to work for İktisat Portföy Yönetimi A.Ş., Pozitif Menkul Değerler A.Ş., and M&A International GMBH in various positions. Mr Sezgin has been working as the Deputy General Manager of Halkinvest since December 27th, 2012.

Macroeconomic Outlook

From a global perspective, central banks introduced unorthodox policies in a bid to stimulate growth in their economies in 2012. On the other hand, political developments in 2012 led to volatility in financial markets, especially in Europe.

The Federal Reserve System (FED) switched to unemployment targeting in December amongst its “conditional monetary policy” practices. In accordance with the Evans Rule, which was developed by Charles Evans, the President of Federal Reserve Bank of Chicago, the FED took a binding decision to keep interest rates at low levels unless core inflation rises above 2.5% or unemployment declines to below 6.5%.

Policies of purchasing asset backed securities and US Treasury bonds have been renewed. As a result of this new expansionary monetary policy, the FED’s balance sheet has expanded to US\$3 trillion. Assuming that the program of purchasing US\$ 85 billion in securities per month continues as long as economic activity remains weak, the FED’s balance sheet should be on course to reach US\$4 trillion by the end of 2013. However, minutes from the last FED

meeting indicates that programs to purchase securities may be wound down within 2013.

2012 was an election year for the US. Some prominent Republican wins in various industrial states such as Ohio, which have a significant impact on the election process, increased the popularity of the Republican Candidate Mitt Romney. However, in contrast with expectations, the actual Election Day turned out to be something of an anti-climax. President Obama won a second term with a majority of the popular vote.

Another hotly debated topic in the US was public debt. The US Treasury struggled with a level of debt very close to the debt ceiling as determined by the law. The rapidly increasing debt ratio, resulting from post crisis public expenditures, became a political issue in the US during the election period.

Both Republicans and Democrats put off the issue of debt until after the election and sought to work together to resolve the problem. Expenditure cuts and tax revenues are two components of problematic debt ceiling issue. While Republicans were seeking

more flexibility in tax regulations, Democrats were in favour of stricter regulation on tax. Failure to reach a consensus on the issue would raise the prospect of a number of spending cuts, which could damage the economy. Another short term alternative, and one which has been tried before, would be to raise the debt ceiling in a bid to buy time for resolving the issue.

On the subject of Europe, the Head of the European Central Bank (ECB), Mario Draghi deployed unorthodox policies and dedicated himself to rescuing the Eurozone. Draghi solved the problem of liquidity in the banking sector through its Long Term Refinancing Operations (LTRO) Program, and relieved mounting political tensions regarding fears of a break-up of the Eurozone in his speech on July 26th in London, where Draghi stated that the necessary steps to shore up the integrity of the Eurozone would be carried out. This statement, implying “intervention by speech”, won the respect of market players, and set the stage for the increased purchase of government bonds of Spain and Italy - so-called “problematic countries”. Afterwards, the Euro appreciated, reaching a rate of 1.33 against the dollar. After a politically and economically

According to Outright Monetary Transactions (OMT), the ECB stated that bonds of countries included in the letter of intent could be purchased directly from the market, a declaration that relieved concerns surrounding the Euro...

active summer period, the ECB did not participate in the Jackson Hole and Wyoming World Central Banks meetings, regularly held at the end of August, and clarified its dedication to the Euro.

Concerns regarding the Euro were relieved once again by the ECB's declaration of a new policy mechanism in September 2012. According to Outright Monetary Transactions (OMT), the ECB declared that bonds of those countries included in the letter of intent could be bought directly from the market. The ECB, reluctant to enter politics with its independent structure and working to a principle of impartiality, prevented the letter of intent mechanism from becoming an issue of internal politics.

The political outlook in Europe turned out to be more volatile than in the US in 2012. In the first half of the year, the general election in Greece was seen as a risk factor. The failure to form a government after the election, setting the stage for a re-run of the election, led to negative risk pricing of the Euro in the market. As a result of election, in which majority of votes were split between radical parties, the market friendly conservative Antonis

Samaras formed a coalition and began to implement the economic programs necessary for Greece to sustain its membership of the EU.

During 2011-2012 political crisis period, it was politicians rather than the ECB that shaped the EU economy, a situation that became very clear in the debates over Greek Public Debt and the Spanish Banking Sector crisis.

On the other hand, the period was marked by the rise of the German Chancellor, Angela Merkel, as a key leader of the EU. Hence, the 2013 election in Germany carries high significance, and should have a critical bearing on the future of the Eurozone and the capital markets. According to expectations, Merkel - who desires to become the undisputed leader of the continent - will hold onto her powerful position after the elections.

The United Kingdom - not a member of Eurozone - had a relatively calm year in terms of politics and hosted a successful 2012 Olympic Games. However, in economic terms, it was as an eventful year for the UK as it was for other countries. While the Bank of England (BoE) developed a

new tool - the Funding for Lending Scheme (FLS), the selection of a foreign national as the new governor of the Bank of England stirred up a controversial debate. Carney, the President of Central Bank of Canada, would take the reins of the Bank of England (BoE) after the retirement of Sir Mervyn King. Carney was expected to apply conditional and monetary policy tools depending on the country's GDP performance.

Japan, the world's 3rd largest economy, experienced a similar year to the US and EU in terms of economy. Note that deflation and stagnation have been longstanding problems for Japan since the 1990's. The country's external balance has been crushed due to current account surplus that has been recorded for some years. The appreciation of the Japanese Yen was halted at the end of 2012 as a result of the elections. Shinzo Abe, the victor of the election, took steps to relieve deflationary pressures. This precipitated a rapid depreciation of the Yen, which settled at above 90 against the US dollar. In line with new policies called "Abenomics", Prime Minister Shinzo Abe also declared aggressive targets for inflation. The new government is expected to

Macroeconomic Outlook

give the central bank the “role of 2% inflation targeting”. The extent that the Central Bank of Japan (BoJ), which will have to alter its targets, supports the policies of Abenomics that will play a role in shaping the world economy in 2013.

Europe’s road to growth will be a long and difficult process. However, Outright Monetary Transactions (OMT) declared in July would be the most significant factor in limiting downside risks stemming from Europe in 2013.

In general, policies aimed at slowing growth, referred to as “soft landing”, were applied to emerging market economies in 2012.

Many developing countries, including China, Brazil and India, recorded performances well below their growth trend lines in 2012. Political developments took center stage in China. The change in the upper hierarchy in the Communist Party is expected to usher in more economic liberalization. Brazil was dealing with the output gap problem while also struggling with inflation. The credit rating of India, which shares many of the same

characteristics as Brazil, was downgraded in the 1st quarter of 2012 for the same reason.

The year 2012 was marked by a number of important accomplishments in the Turkish economy.

The Turkish economy entered a “soft landing” and rebalancing process, along with other developing countries in 2012. Although the country’s growth performance was below the trend line, the trade balance and price stability exhibited a certain degree of improvement in 2012. While the economy was struggling with double digit inflation and a wide current account deficit at the beginning of the year, inflation was brought down to 6.2%, and the current account deficit below to 6.5% of GDP by the end of the year.

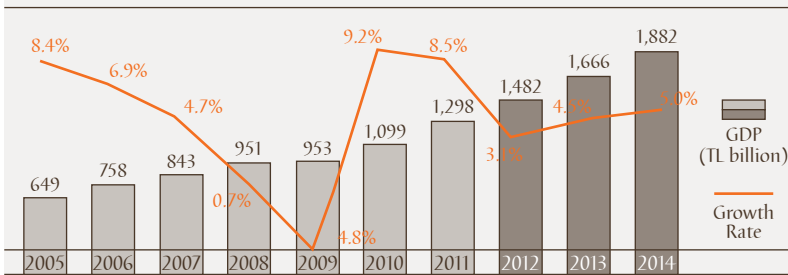
The market diversification of exporters and the CBT’s appropriate and timely policies played a significant role in attaining a sound economic performance. In line with an expansionary monetary policy, which involved using the interest rate corridor approach to tighten short term interest rates, the CBT protected the value of

Turkish Lira in the first half of the year. In the second half of the year, the CBT interest enhanced the rate corridor and provided dynamism for both fixed income and stock markets. As a result, the benchmark bond yield dipped to a historically low of 5.6%, while the ISE 100 Index broke new records in TL terms.

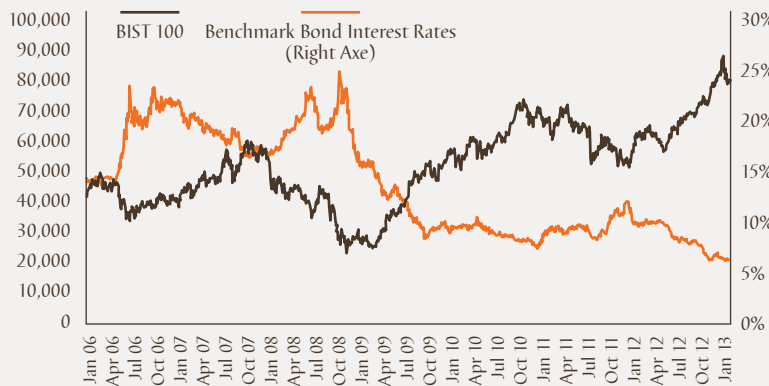
The CBT continued to pioneer unorthodox monetary policies in 2012. The CBT used the Reserve Option Mechanism (ROM) aimed at stabilizing the value of TL automatically without any purchasing or selling. In addition, the CBT - with its forward looking approach - declared that requirements regarding leverage ratios in the banking sector, as specified by Basel III, would be applied by the end of 2012.

In the first couple of months, the surge in Brent crude oil prices to US\$125/bbl, due to geopolitical factors, was a cause for concern, hitting the current account deficit and inflation. However, oil prices were more volatile after the G-20 Summit in Mexico and in response to weakening global demand for oil. As in the beginning of the summer, Brent oil prices retreated

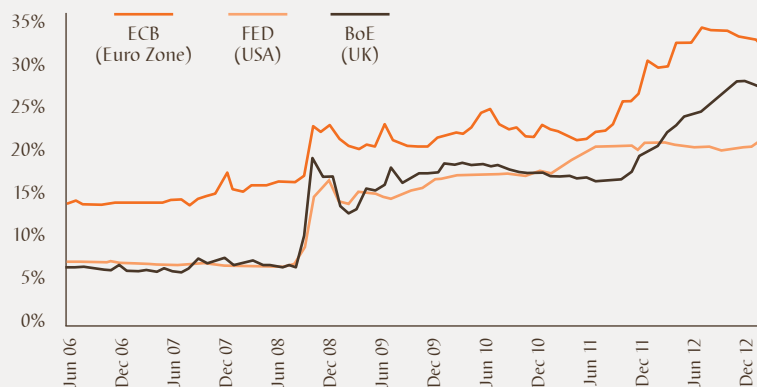
GDP in Turkey (Realizations and Anticipations)



Turkish Capital Markets



Central Banks' Balance Sheets/GDP Ratios



to \$90/bbl, relieving some of the anxiety hanging over the Turkish economy in the second half of the year.

The CBT maintains its 5% CPI inflation target for 2013, as unprocessed food prices are declining and oil prices are moving in line with expectations.

Two critical developments at the beginning of November led to an acceleration of capital inflows. One of the leading credit rating agencies, Fitch, raised Turkey's rating to an investible grade after 18 years. Obama's victory in the US election guaranteed FED Chairman Ben Bernanke's position for at least another 4 years. These two favourable developments implied that the effect of the Turkish Lira in asset pricing would continue.

Turkey's sustainable growth trend, with an environment of both excess global liquidity and the expectation that the rate of credit growth in the banking sector will increase from 14% to 18-21%, is expected to continue.

After a negative performance in 2011, the ISE 100 Index ended 2012 with a 61% return in US\$ terms. This return was one of the best in emerging markets. The successful Secondary Public Offering of Halkbank - the largest public offering in the history of the ISE - and the decrease in secondary market benchmark bond yield after Fitch's upgrade of Turkey's credit rating were the most important developments, which carried the Turkish banking sector to the forefront.

An Evaluation of Operations in 2012

Aware of the growing need for investment banking services in parallel with the rapid expansion of the Turkish economy, Halkinvest is determined to contribute to Turkey's development as well as taking advantage of the opportunities arising from these developments. Strengthening its position in traditional brokerage services, Halkinvest aims to boast its growth in corporate finance activities to establish itself as one of the major players in the market.

Enhanced Marketing Channels

The Coordinated Capital Market Activities Project was set up in cooperation between Halkbank and Halkinvest.

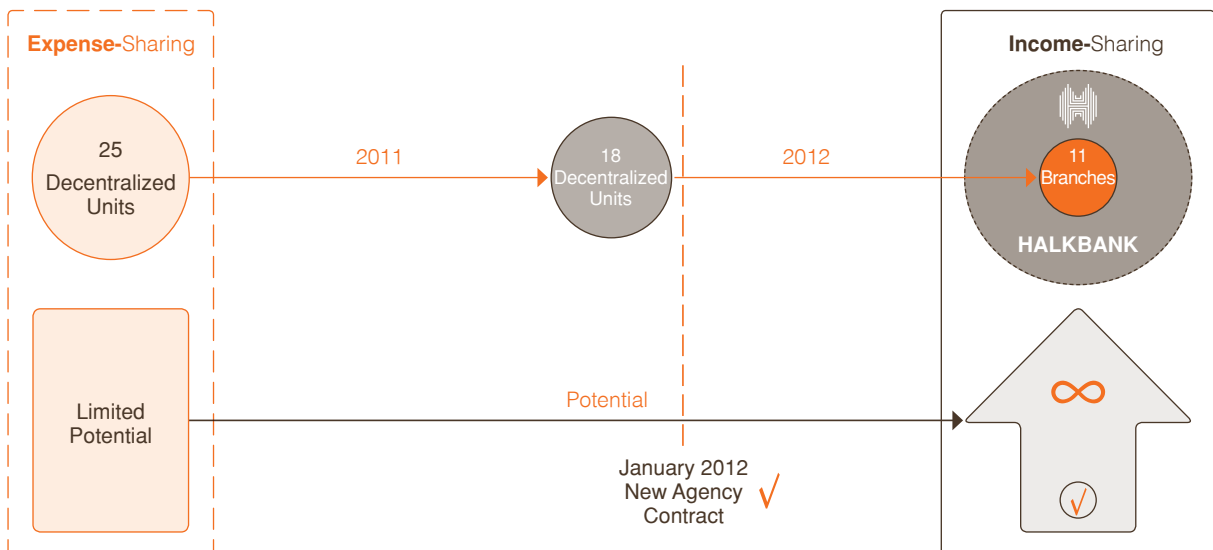
Within the framework of the Capital Market Activities Project, Halkinvest restructured its marketing strategies with Halkbank by utilizing Halkbank's nationwide distribution channel. The Coordinated Capital Market Activities Project was formed in cooperation with Halkinvest and

Halkbank. The Coordinated Capital Market Activities Project acts as an agency contract between Halkinvest and Halkbank, and is based on a revenue sharing agency model.

The new agency contract was effective from January 1st, 2012.

Halkinvest incorporated Halkbank's motto, "The Bank of Productive Turkey" into its business model and embraced its mission, "We bolster the Productive Turkey". At Halkinvest, the marketing and sales functions operate as separate units

Halkbank-Halkinvest Coordinated Capital Market Activities Project



For Halkinvest, 2012 was a year of restructuring, which started to pay off. 18,000 new investment accounts were opened through the Coordinated Capital Market Activities Project via the Bank in 2012...

but, they are also integrated and supported by a strong distribution channel where each Halkbank branch also serves as a Halkinvest agency. Halkinvest has a total of 11 branches in coordination with its headquarters. Halkinvest Dialogue Center and highly efficient e-platforms are used as other alternative distribution channels to enhance the overall performance of the Company.

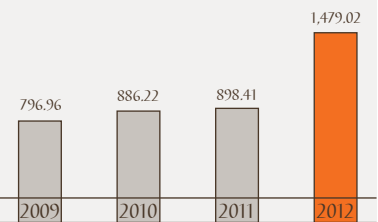
11 branches of Halkinvest conduct their marketing and sales activities to provide services to Halkbank Branches in 25 different regions and their potential customer base.

Hence, Halkinvest aims to satisfy all the demands of Halkbank and its customer base with a range of investment products.

Marketing activities were stepped up significantly in 2012, a year that put distribution channels to the test. The ultimate target of Halkinvest is to expand the volume of customer accounts under the supervision of ISE Settlement and Custody Bank and improve its operating lines and communication channels.

Halkinvest currently offers services to small-to-medium sized investors. Halkinvest's mid-to-long-term goal is to reach more qualified and institutional investors in the long-run.

Overall Development (TL million)



CAGR (09-12): 23%



A map showing Halkinvest Branches all over Turkey (Halkinvest has two branches both in İstanbul and Ankara)

An Evaluation of Operations in 2012

Corporate Communications

Halkinvest laid the foundations of its Corporate Communications in 2012, bringing these activities under the Marketing Department in 2013. Corporate Communications Department aims to open up entire communication channels to its target audience, creating a set of rules and standards – working towards building the “corporate identity” of the Company. Within this scope, one of the main responsibilities of Corporate Communications Department is to accomplish standard quality codes for Halkinvest. Thus, this role includes revising the structure of Halkinvest’s branches in line with the mainstream trends of the Company’s vision.

Social Responsibility

In the period ahead, Halkinvest aims to develop corporate social responsibility projects to form trust-based customer relationships and to increase the value and the publicity of the “Halk” brand. Halkinvest maintains its support for the Halkbank Men Volleyball Team towards this end.

Halkinvest believes that the past leads the way to the future, and Halkinvest’s deeply rooted corporate culture laying claim to historical and cultural values is an important part of its corporate social responsibility mission.

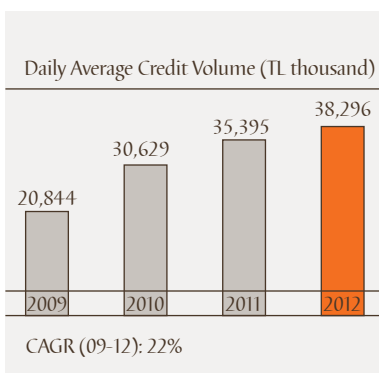
Halkinvest's daily average margin trading volume has reached TL38.2 million in 2012, indicating a growth of 8.5% YoY...

Brokerage Services

A year of solid progress in brokerage services

Halkinvest applied a balance strategy between extending its market share/profitability and keeping its sound marketing/sales operations, well-qualified research support and widespread usage of electronic service platforms in 2012.

Halkinvest is enriching its services to offer leveraged products (FOREX), a few other new investment tools abiding by the rules set by Borsa Istanbul to boost its market penetration rate in the dawn of the new era ahead of the Turkish Capital Markets.



Sustaining market share in a contracting market

Halkinvest holds a comprehensive technological infrastructure, which allows rapid and safe trading of securities to customers. The company differentiates itself from its peers through its high-quality services via providing easy access to most updated and objective data, and its effective order transmission processes.

Halkinvest's main target is to improve its market Beta (β) in the period ahead.

From the ISE to Borsa Istanbul...

In 2012, Turkey has witnessed significant developments, which will eventually shape the future of the capital markets. The Capital Markets Law, No: 6362, approved on December 6th, 2012 ushers a new era in the operation of capital markets. The new law merges capital markets under the name of Borsa İstanbul A.Ş. allowing them to operate as one and only strong entity in a more competitive environment.

Developments in Margin Trading

Halkinvest can comfortably meet its clients' margin trading demands thanks to its strong capital structure. Halkinvest's daily average margin trading volume has reached TL38.2 million in 2012, indicating a growth of 8.5% YoY. Margin trading line provided TL6.2 million in 2012, implying a 12% increase on annual basis.

Fixed Income Markets continues to keep its vitality in 2012.

The Fixed Income Market actualizes the transactions in the Offering Market for Qualified Investors as well as in the secondary market of fixed income securities, in which the borrowing instruments of the corporations whose stocks are traded on the ISE are issued to "qualified investors" as defined in the capital markets regulations.

The Fixed Income Market is comprised of

- Outright Purchases and Sales Market,
- Repo - Reverse Repo Market,
- Repo Market for Specified Securities,
- Interbank Repo - Reverse Repo Market transactions.

Trading volumes of Fixed Income

An Evaluation of Operations in 2012

Market were TL1,377 billion and Sales Market under the Fixed Income Market TL1,766 billion respectively. Trading volume in Outright Purchases and Sales Market under the Fixed Income Market was TL1,766 billion.

Halkinvest executed a total of TL904 million in Outright Purchases and Sales Market under the Debt Instruments Market. With this trading volume, the company was ranked 13th among 58 authorized brokerage houses in 2012.

Halkinvest reached a trading volume of TL14,418 million in the Repo-Reverse Repo Market during the same period, ranking 11th among 42 authorized brokerage houses. In 2012, the total volume of Repo and Bond Market increased by 21% YoY. In 2012, Halkinvest accounted for 0.67% of the transaction volume in the Takasbank Money Market with a total of TL2,405 million.

One of the leading market players driving the Turkish Derivatives Exchange (TurkDEX)

Halkinvest is a leading participant of the Turkish Derivatives Exchange (TurkDEX) sector with a stable increase in its trading volume since 2009. The total volume of TurkDEX reached a TL808 billion while a total of 62 million contracts were traded. Halkinvest's trading volume was TL15,918 million and it held 1.97% market share, ranking 18th among 64 brokerage houses.

The newly added electricity futures contracts continue to support the future market's vitality and growth.

As a key player in giving direction to the market in TurkDEX, Halkinvest is one of the leading service providers in terms of transactions/order speed, offering some of the most high-tech service platform in the sector.

Halkinvest aims to be the first public financial institution to offer trading services in the leveraged trading market.

Leveraged Transactions

Leveraged transactions reported significant progress in 2012

FOREX trading (leveraged trading of foreign currencies, commodities and precious metals) has been a capital market activity subject to the supervision of the Capital Markets Board since August 31st, 2011.

In connection with this capital market activity, the “Communiqué on the Principles of Leveraged Purchase and Sale Transactions and Institutions Authorized to Perform These Transactions”, as well as other communiqués, were published in the Official Gazette on August 27th, 2011 and became effective on August 31st, 2011.

Leveraged transactions cover (without physical delivery) the purchase and/or sale of foreign currencies, commodities, precious metals and other assets, which are traded with a specific leverage rate and are subject to the down payment made by investors as dictated by the Capital Markets Board.

In accordance with a series of amendments effective from August 31st, 2011, leveraged purchase and sales transactions are performed by agencies authorized only by the Capital Markets Board.

As FX trading became reliable after a regulatory change by the CMB for having to keep collaterals in ISE Settlement and Custody Bank, the FX trading market expanded rapidly in 2012. FOREX trading volume reached a total of TL1,694 billion at the end of 3Q2012 up from TL333 billion in 2011.

Halkinvest is planning to begin leveraged trading in 2013

Halkinvest conducted noteworthy preparations for the implementation of leveraged trading in 2012. The process of establishing technological infrastructure necessary to provide the safe and fast trading experience to its customer base was completed during 2012. This process, which implied a timely planning and investment period, was also supported by Human Resources restructuring at Halkinvest.

Hoping to grasp a significant share from the leveraged trading market, Halkinvest is planning to start FX trading once it receives official authorization from the CMB, which is expected to take place early in 2013. The company offers its clients the opportunity of a low-principal with leveraged trading in many foreign currency pairs including gold and silver (oz/USD) on a 24/7 basis with a Daily Bulletin. Halkinvest developed the necessary technological infrastructure via an electronic platform. Halkinvest hopes to offer its clients rapid, reliable and continuous service via the Halk FX Trader and/or Halk FX Mobile Trader.

Halkinvest aims to be the first public financial institution to offer trading services in the leveraged trading market. The company also aims to be the leading brokerage house in the FX market by providing a customer focused approach and a high level of service and integrity.

An Evaluation of Operations in 2012

Corporate Finance

On the road to becoming one of the two main business pillars of Halkinvest

Halkinvest operates in three business branches in corporate finance:

1. Initial/Secondary Public Offerings,
2. Issuance of debt instruments,
3. Mergers and acquisitions.

Halkinvest can simultaneously conduct aforementioned three capital market operations, which shows its uniqueness in capital markets. Corporate finance activities would like to continue as one of the key sources of revenue. Checking the breakdown the share of corporate finance in Halkinvest's revenue has nearly doubled from 10% in 2011 to 19% in 2012. The company is among the top five intermediaries on the basis of its revenue generation in Corporate Finance activities. Halkinvest develops strategic plans in corporate finance as it increases its publicity in the sector with a business model that is service network intensive, sustainable, reliable and focused on tailor-made solutions.

Galvanizing its capacity to generate new business ventures with the strength it gets from its main shareholder, Halkbank and serving its customers with a team of strong professionals who support its growth; Halkinvest differentiates itself from its peers with its ability to carry out all of the investment banking operations for Halkbank's institutional clients. Halkinvest aims to attain a more chubby market share with qualitative business focused planning in corporate finance, where costs of borrowing will balance out at a new point and capital markets will grow at a faster pace. In this sense, Halkinvest is planning to focus on the sector of businesses, including exclusively engineered financial products and concentrate on mergers and acquisitions. In line with our country's economic growth potential, Halkinvest is hoping to cooperate with international companies and grasp business opportunities.

Checking the breakdown the share of corporate finance in Halkinvest's revenue has nearly doubled from 10% in 2011 to 19% in 2012. The company is among the top five intermediaries on the basis of its revenue generation in Corporate Finance activities

~20%

Checking the revenue breakdown, the share of corporate finance has been increasing gradually.

The initial public offering and the issuance of debt instruments are expected to continue at full throttle in the forthcoming period.

Rapidly growing need for corporate finance services

The initial public offering - the most widespread corporate finance line of business in Turkey - is an important instrument in the sense that it provides a low cost funding. After a campaign to promote initial public offerings conducted with the support of the CMB, awareness of public offerings has started to grow in small enterprises, as well.

The target has been set as part of Turkey's 2023 vision is to increase the number of companies traded on the Borsa Istanbul to 1,000 in the 100th anniversary year of the Republic.

The economic conjuncture throughout 2012 encouraged companies in need of external funding to consider mergers and acquisitions via issuing bonds. A total of 65 mergers and acquisitions were finalized within the year, while 118 banking and 68 private sector debt instruments were issued. Total issue amount were TL40 billion in 2012.

Turkey offers a more promising future when its position in the global economy and the region is considered. This strong potential has attracted many foreign investors. In light of these developments, corporate finance activities - mergers and acquisitions in particular - are expected to grow in the near future.

Corporate Finance projects in 2012

In 2012, Halkinvest completed:

- 17 IPO's (excluding the EEM's),
 - became the lead brokerage house in two IPO's,
 - participated as a co-leader in two other IPO's,
 - participated in the issuance of two major banks' and a private company's debt instruments,
 - three M&A's,
- reaching a total of TL1.6 billion.

Depending on the macroeconomic outlook and the condition of capital markets, the initial public offering and the issuance of debt instruments are expected to continue at full throttle. At the same time, the Government is expected to add momentum to its privatization efforts in 2013.

While maintaining its bold moves in initial and secondary public offerings and the issuance of debt instruments, Halkinvest is wistfully participating as the buy and sell side in M&A activities. Halkinvest also aims to participate more actively in privatization projects. Privatizations in the transportation, energy and infrastructure sectors are expected to be one of the significant sources of public financing in 2013. Halkinvest is planning to participate in these projects either alone or through an established consortium. In this context, public investments under the build-operate-transfer model represent a potential model for Halkinvest in these privatizations.

An Evaluation of Operations in 2012

Research

The Significance of Value-Added Research

In the global investment environment where changing conjuncture and low interest rates permeate, the availability of different investment tools, which address different risk-appetites have increased the significance of research functions of securities firms. Halkinvest offers its clients high-quality research products and services.

Halk Securities also provides its clients with the objective data to make long-term investment decisions through its research publications. Halkinvest Daily Report evaluates the interactions and connections between different capital markets and gives the comparison between them.

Halkinvest research activities are mainly shaped by offering clients the right trade ideas and help them construct their own portfolio.

Halkinvest Research Department constructed a model portfolio on May 28th, 2012, and this model portfolio outperformed the BIST-100 Index by 30% during 2012 with a 73% absolute return.

One of the short term goals of Halkinvest Research Department is to construct an "Equity Research Team". The "Equity Research Team" is planned to cover sector analysis and company valuations in-depth. The activities of the "Equity Research" team are supposed to enhance Sales and Marketing Activities and prop the Corporate Finance Activities.

Faster Access to Financial Data through Halkinvest Blog

Halkinvest aims to increase the continuity and pace of information sharing through Halkinvest Blog. The main objective of the Blog is to deliver the quickest and most accurate financial data and commentary to its clients. Halkinvest Blog is a revolution in the Turkish Brokerage House sector, and sets Halkinvest apart from its competitors.

Halkinvest Research Reports hold the Pulse of the Markets

Halkinvest presents up-to-date, correct and reliable information on global macro-economic climate and its impact on national economy through its regularly published reports.

Halkinvest has a client base mostly comprised of Halk Bank clients. Halkinvest Research Department regularly reports to its clients and Halk Bank Senior Management.

The Daily Bulletin is the foremost research product at Halkinvest, offering a brief summary of the noteworthy daily developments in capital markets...

The main mission of the Halkinvest Blog is to provide customers with the latest data and news where information is instantaneously priced in by the markets. Our Research Blog, which we deem to be a ground-breaking development among brokerage houses in Turkey, will continue to stand out in 2012.

Research Blog

Halkinvest regularly publishes the research reports listed below:

- Daily Report,
- Markets' Insight/Commentary,
- Commentary on the performance of model portfolio,
- Global macro-economic outlook (quarterly and annually),
- Market Report on BIST (Borsa İstanbul),
- Precious Metals Market Reports (on gold),
- Monetary Policy Reports on the Central Bank of Turkey,
- Reports featuring Global Macro-economic Data,
- FX Daily Report (To be published in 2013).

Halkinvest Daily Report

Daily Report is the main research product of Halkinvest. The Daily Report covers the daily news on equities, interest rates, macro-economy, commodities, capital markets, companies and sectors. The Daily Report features capital markets, monetary policies of Central Bank(CB) of Turkey, company news, releases by Capital Markets Board (CMB) of Turkey, equities, interest rates, bonds' and bills' markets, FX market and global macro-economic outlook. The ultimate goal in publishing the Daily Report is to gather the daily market buzz from each department and bringing the Daily Report to life.

An Evaluation of Operations in 2012

Information Technologies

Halkinvest serves its customers through rapid and reliable technological infrastructure

Operating in a sector which requires intensive use of technology, Halkinvest undertakes important investments to promote the effectiveness and sustainability of its technological infrastructure.

Halkinvest serves its client base with alternative distribution channels to boost its publicity and prevalence in capital markets. In order to attain more interest and higher service quality, the Company is investing in technology and renewing its existing systems continuously.

In 2012, the IT Department implemented a number of new technologies in the Company, as required by regulatory changes by the CMB of Turkey to ensure that collaterals were kept in the ISE Settlement and Custody Bank in line with the Company's current organizational structure and its institutional sales' strategies.

The "Disaster Prevention-Recovery System", which includes operational safety and continuity investment, was realized in order to provide back-up for the survival of vital IT operations. Meanwhile, the investment and integration process of new technological infrastructure in leveraged transactions was completed enabling Halk FX Trader and Halk FX Mobile. Halkinvest offers mobile services via all platforms including mobile phones, tablets including the iPhone, Blackberry and Android operating systems.

"The intranet project" has been carried out in order to transfer in-house occupational processes to an electronic platform and provide news updates and calculations via web-based structure. System integration and IT infrastructure provided high level of continuity in line with the steps taken to improve the scope of the cooperation and synergies with Halkbank.

The investment and implementation of new technological infrastructure for leveraged transactions has been completed, and the HalkFX Trader and HalkFX Mobile platforms are ready to trade.

HalkFX Trader

Halkinvest FX
Transactions Platform

Investments realized in 2012 enhanced electronic platforms paving the way for improved information security and flow, buy-sell orders and greater transaction speed...

Alternative Distribution Channels

High level of usage in electronic platforms

About 60% of Halkinvest's investment transactions are conducted via electronic platforms.

This level, which is far above the sector average, is a result of Halkinvest's technological investments, which are carried out with its strong foresight. The aim of Halkinvest is to increase this proportion to 70%.

To improve the effectiveness of electronic platforms, investments in information security and flow,

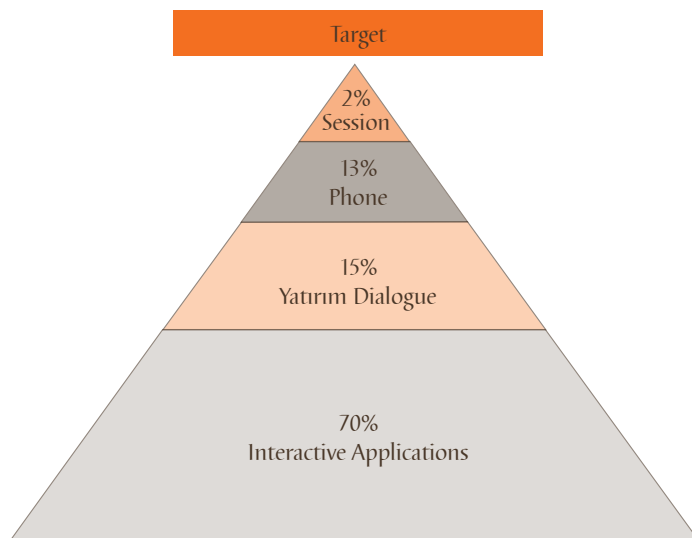
buy-sell orders and momentum of transactions were completed in 2012.

Aiming to provide high-quality service to Halkinvest's clients, the "Invest Dialogue" (444 4255- 444 HALK) was set up, offering its clients the opportunity to carry out mobile transactions. The "Invest Dialogue" line is planned to become a brand, which could provide distinguished service to exclusive clients. The target is to provide service to the right client through the right channel and to reduce costs while improving service quality.

Human Resources

Highly motivated team members who share common values and ethical principles

Halkinvest has a team including competent people who adopt and share Halkbank's rich corporate culture, common values and ethical principles. The number of employees at Halkinvest has reached 107 by the end of 2012, consisting of professional managers and individuals whose invaluable support will ensure the Company's growth and development on its new roadmap.



An Evaluation of Operations in 2012

Halkinvest bases its human resources' policies and practices on the fundamental pillars of recruiting qualified managers and employees as demanded by the sector, ensuring they continue their self-development so they can contribute to the Company in an increasing manner. The Company's human resources' policy aims to improve team performance continuously and to offer employees a professional environment with career development opportunities, in order to ensure that its existing human resources are used in the most efficient and productive manner.

Halkinvest attaches tremendous importance to the training of its human resources. Training programs are planned and conducted taking into account career plans and the qualifications of employees of any position they must possess in order to ensure their personal and professional development. In 2012, career training was provided to 625 people and 24,700 people attended orientation presentations.

Internal Audit, Legislation and Compliance

Through its internal auditing activities, Halkinvest aims to achieve compliance with legal regulations, evaluate clients, transactions and services under a risk-based approach, and to raise awareness among its employees.

In line with the rapid development of the capital markets and the expanding number of transactions and investment assets under the scope of brokerage services, internal auditing activities are becoming significant day by day under the strict monitoring and auditing of regulatory authorities to ensure that investors benefit from market opportunities reliably and steadily.

The internal audit function is conducted by the Internal Control Unit, Legislation and Compliance Unit, the Inspection Unit and the Department of Legal Affairs at Halkinvest. The Risk Management Department is in the construction process. Furthermore, risks that might arise as a result of the company's activities and positions are monitored and controlled by the Risk Management Unit.

The scope of internal audit activities is determined in line with CMB of Turkey and ISE regulations, and with Halkbank standards. The integration of internal audit into business flows is an inseparable part of the company's activities and the internal audit function is adopted and executed by the headquarters and each non-central unit.

Another priority of Halkinvest's senior management is to establish and ensure the continuity of an effective risk management system. The Company's transactions in markets, as well as the status of its receivables, payables, inventories, interest and market risks are analyzed and reported on a daily basis in order to minimize the financial risks. In addition, regular independent audits also contribute to the formation of an in-house common risk culture.

About Halkbank

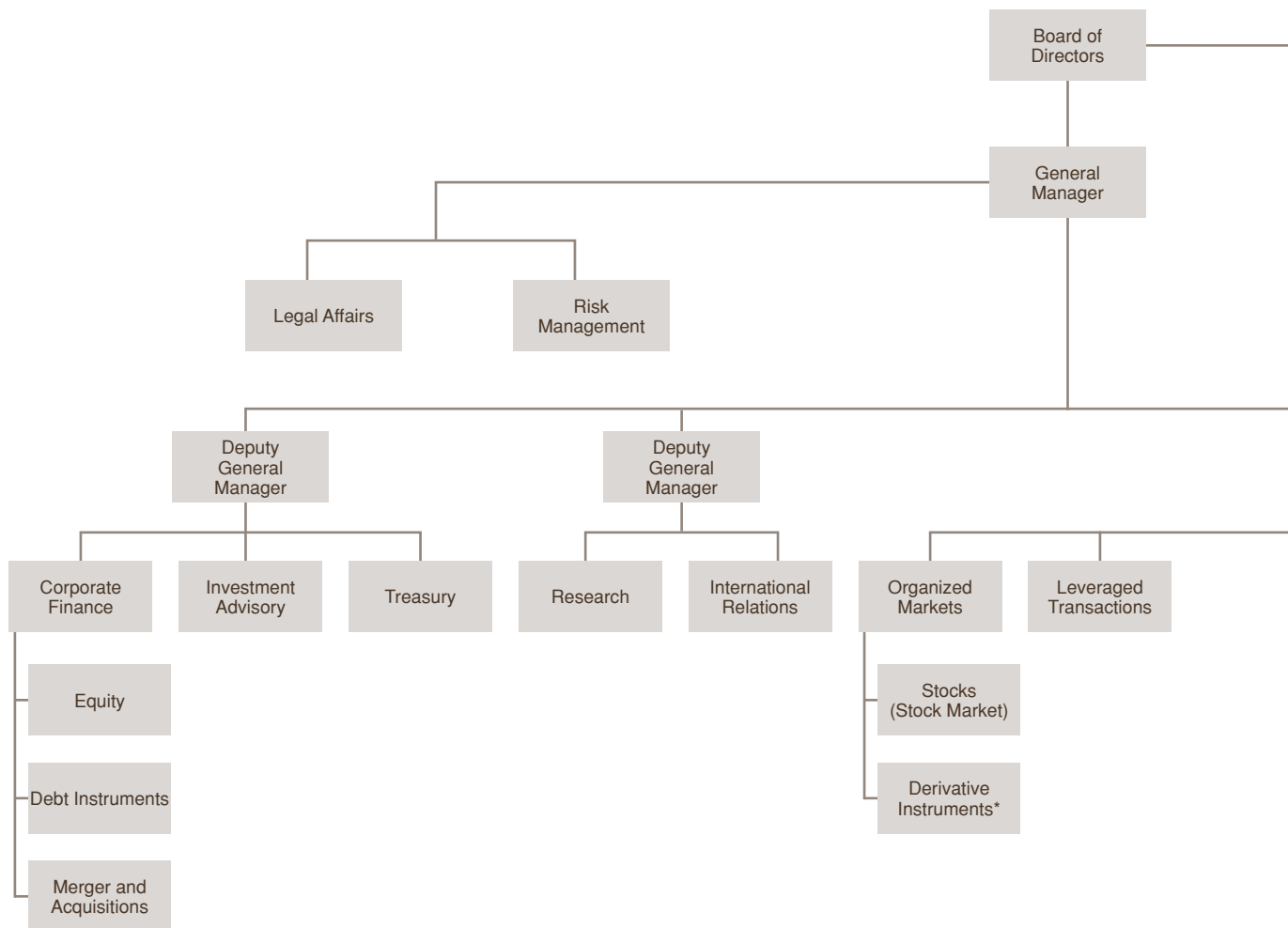
Halkbank was established in 1938 in order to support the craftsmen and artisans of Turkey, and to bolster sustainable economic development. The Bank's main strategy has been preserved for the last 74 years...

Halkbank is focused on growth in the banking system in order to strengthen the propensity to save in Turkey. On the other hand, Halkbank has never forgotten its main goal, and has unstintingly maintained its tremendous support to the real sector.

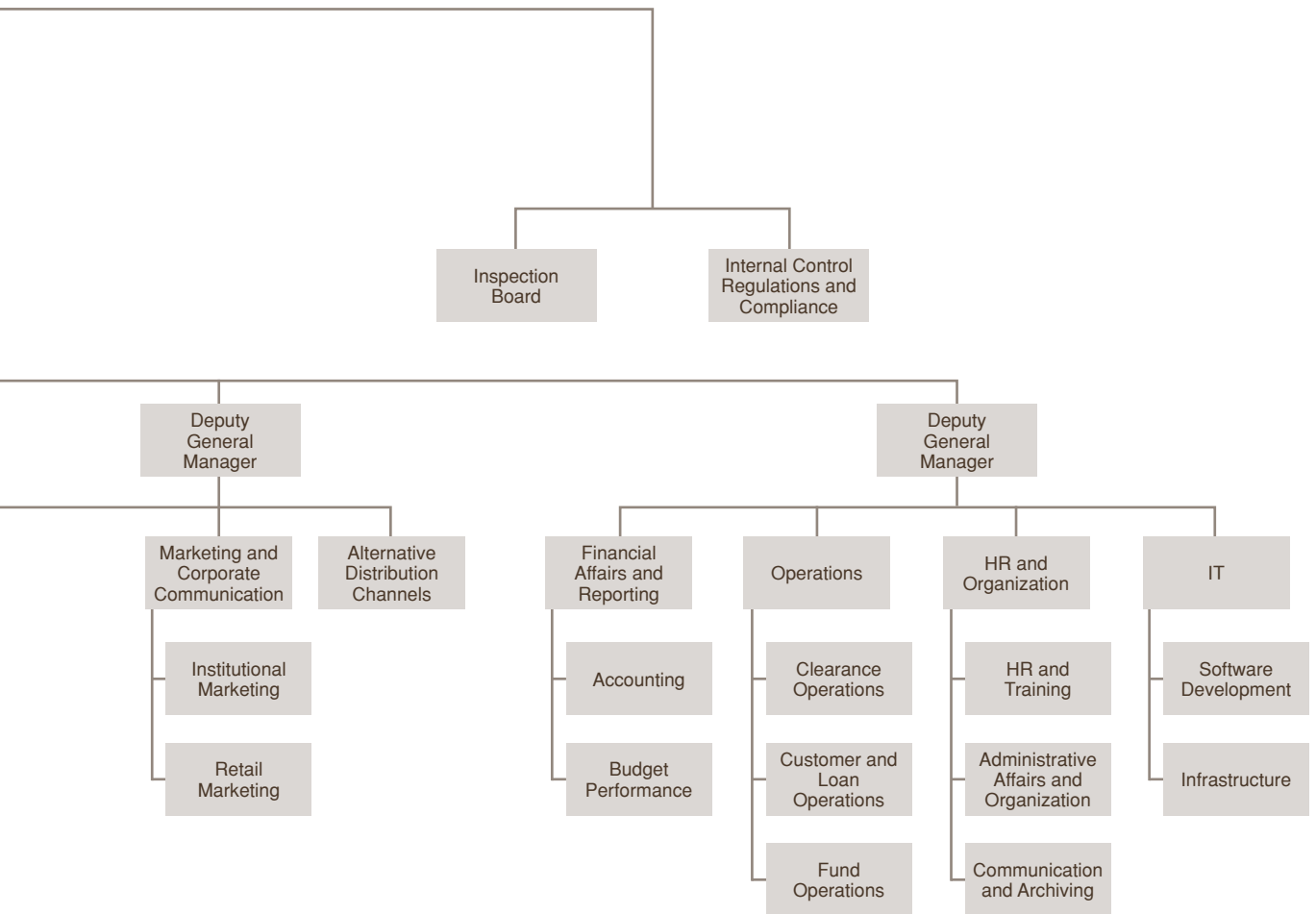
Today, Halkbank is a publicly traded bank with a market capitalization of about USD13 billion. After its initial public offering in 2007, the secondary public offering took place in November 2012. This public offering is one of the biggest and most successful public offerings that took place in Turkey.

While Halkbank maintains its mission by diversifying and increasing support that it provides to SME's and the Turkish economy, it also continues to fulfill all the requirements of contemporary and international banking standards.

Organization Chart



* Reports directly to the General Manager as required by the Capital Market Board's legislation.



Corporate Governance Principles Compliance Program

Corporate Governance Principles Compliance Program

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

The Company is not a public company. Efforts for compliance with the Corporate Governance Principles issued by the CMB were under way also in 2012.

SECTION I - SHAREHOLDERS

2. INVESTOR RELATIONS UNIT

Relations with shareholders are under the responsibility of the Financial Affairs and Reporting Department.

3. SHAREHOLDERS' EXERCISE OF THE RIGHT TO INFORMATION

Shareholders receive not only detailed data on the accounts and financial structure of the Company in the Ordinary General Assembly, but also comprehensive written and oral information from the Financial Affairs and Reporting Department quarterly, as well as relevant written documents and e-mails upon request. The Articles of Association do not provide for the appointment of a special auditor as an individual right.

4. INFORMATION ON THE GENERAL ASSEMBLY

2011 Ordinary General Assembly of the Company was held without announcement and complying with the invitation procedure. At the Meeting, it has been resolved to raise the capital by TL 10,000,000.-, the entirety of which will be covered from the profits for 2011 and earlier years, and to distribute bonus shares to the shareholders.

5. VOTING RIGHTS AND MINORITY RIGHTS

As per Article 9 of the Articles of Association, at least four members of the Board of Directors are elected from among candidates named by the Class A shareholders at the General Assembly.

Pursuant to Article 14 of the Articles of Association, the General Assembly appoints at least three auditors from shareholders. The number of auditors cannot be more than three. Two of the auditors are elected from candidates named by Class A shareholders, for a maximum of three years.

6. PROFIT DISTRIBUTION POLICY AND DEADLINE

Shareholders do not enjoy privileges in profit distribution. Article 20 entitled "Determination and Distribution of Profit" of the Company's Articles of Association is as follows:

The net profit is calculated by subtracting all expenses, depreciation and required reserves from the Company's total revenues obtained from all transactions in a balance sheet period. The net profit determined in this manner is divided and distributed in the following manner:

- a- First, 5% of the profit is set aside as legal reserve and the fiscal liabilities of the Company are deducted;
- b- Of the remainder, a sum corresponding to 5% of the paid-in capital is reserved as the first dividend;
- c- An amount up to five per cent (5%) may be distributed to the members of the Board of Directors and Company personnel, provided that such payout will not exceed three times the gross salary of respective recipients, if it is accepted by the General Assembly and if the applicable ratio and amount are specified by the

Corporate Governance Principles Compliance Program

General Assembly;

d- The remaining profit is divided and distributed in the manner to be determined by the General Assembly;

e- Article 466, Paragraph 2, Clause 3 of the Turkish Commercial Code applies.

7. TRANSFER OF SHARES

The Articles of Association do not provide for any limitation on the transfer of shares.

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. THE COMPANY'S PUBLIC DISCLOSURE POLICY

The Company published financial and administrative data on its website and also on the website of the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB) via the Public Disclosure Platform. Shareholders can be informed whenever they want, via e-mail and/or in written form. In addition, the Company's periodic Financial Reports are published on the website www.kap.gov.tr.

9. MATERIAL DISCLOSURES

None.

10. THE COMPANY'S WEBSITE AND ITS CONTENTS

The Company has a corporate website. Customers can carry out share and derivatives transactions, monitor their portfolio, print receipts, and monitor market movements at www.halkyatirim.com.tr.

The Company's financial data are also available on this website.

11. DISCLOSURE OF THE ULTIMATE CONTROLLING SHAREHOLDER(S)

The Company's shareholders are legal entities.

12. PUBLIC DISCLOSURE OF INSIDERS

No such disclosure has been made as Halk Yatırım is not a public company.

SECTION III-STAKEHOLDERS

13. INFORMING THE STAKEHOLDERS

Stakeholders can receive information about the Company from the Company's website, via e-mail and/or in written form.

14. STAKEHOLDERS' PARTICIPATION IN MANAGEMENT

Written invitations are sent to stakeholders to invite them to participate to the Shareholders' General Assembly.

15. HUMAN RESOURCES AND REMUNERATION POLICY

Recognizing that qualified manpower carries strategic importance in the financial services sector, Halk Yatırım constantly works toward continuous improvement and development of its human resource management. Designed to make the most efficient and productive use of the existing human resource, the Company's human resource policy is intended to constantly improve individual and team performance through processes and systems that enhance quality, while also offering a professional environment and career development opportunities to employees.

At Halk Yatırım Human Resources, recruitment, career planning, performance management processes and the training programs for the personal and professional development of employees are designed and executed on the principle of productivity.

Career planning is formulated within the frame of the human resources regulation and in view of the relevant employee's performance during the period, his/her behavioral and personal competencies, professional knowledge and skills, as well as managerial capability.

Performance assessment is done at least once a year, employing a system erected on the principles of openness and objectivity, and aims at establishing whether the employee is adequate in his job and to identify improvement areas, to determine his skills and potential and to steer his career planning.

Salary management at Halk Yatırım is carried out for each position individually and relies on a salary scale prepared objectively first on the basis of business values, as well as the current conditions. The salary scale is revised in January every year, and applied to the employees' salaries in accordance with their periodic performance results.

The training policy is designed to give employees in every title category the opportunity to attend training and workshop programs held in and/or out of Turkey, in an effort to help ensure personal and professional development, taking career planning and the required qualifications into consideration.

In the period ahead, Halk Yatırım intends to carry out human resource planning aimed at expanding its workforce by way of recruiting new employees, as well as new investments seeking to enhance the productivity of its people. According to the staffing plan made in line with the Company's goals, it is targeted to recruit qualified personnel for positions that are needed to be filled.

INFORMATION ON RELATIONS WITH CUSTOMERS AND SUPPLIERS

In order to meet the demands of customers, the necessary organizational structure was created with expert personnel. Customers are provided with accurate and rapid services through electronic means of communications. New technology investments are undertaken to increase customer satisfaction.

Corporate Governance Principles Compliance Program

16. SOCIAL RESPONSIBILITY

The Company's activities do not have a negative externality on the environment. As for social responsibility activities, the Company sponsors amateur volleyball events.

SECTION IV – BOARD OF DIRECTORS

17. STRUCTURE, FORMATION AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

İsmail Hakkı İMAMOĞLU	Chairman
Mürsel ERTAŞ	Vice Chairman
Levent EREN	Board Member
Olcay DOĞAN	Board Member
Ergin KAYA	Board Member
Selahattin SÜLEYMANOĞLU	Board Member
Ahmet KARAKAŞ	Board Member

18. QUALIFICATIONS OF BOARD MEMBERS

According to Paragraph 2 of the Article 9 entitled "Board of Directors and its Term of Office" of the Company's Articles of Association, "One more than the half of Board Members must be university graduates."

19. THE COMPANY'S MISSION, VISION AND STRATEGIC TARGETS

The Board of Directors convenes monthly and whenever necessary to assess the degree to which the Company attains its targets, the Company's activities and its past performance.

20. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

In order to avoid financial risks, the Company reports and analyzes on a daily basis its market transactions, balance of liabilities and receivables, stock portfolio as well as interest rate and market risks.

21. AUTHORITIES AND RESPONSIBILITIES OF BOARD MEMBERS AND MANAGERS

It is stated in Article 10 entitled "Rights and Duties of the Board of Directors" in the Company's Articles of Association, that:

"The representation and administration of the Company is under the responsibility of the Board of Directors. The Board of Directors has the authority to make decisions on all transactions regarding the purpose and fields of activity of the Company, except authorities reserved exclusively for the General Assembly.

Article 367 of the Turkish Commercial Code reads, "In accordance with an internal regulation to be drawn up by the Board of Directors based on a provision to be inserted into the articles of association, the Board can be authorized to delegate the management, in part or in whole, to one or more Board members or to a third person. This regulation shall govern the management of the company; it shall define the duties required for management, indicate their positions, and particularly specify the lines of subordination and of reporting. The Board of Directors shall, upon request, provide written information about this internal regulation to the shareholders and the creditors who can make a persuasive case that their interests are worthy of protection. Unless delegated, management rests with all of the members of the Board of Directors."

22. WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors convenes monthly in a planned fashion and at interim dates whenever necessary to assess the degree to which the Company attains its targets, the Company's activities and its past performance. The agenda of the Board meeting is determined by proposed items submitted by the Company management to the Chairmanship of the Board of Directors. The Company's Board of Directors adopted 105 resolutions in the activity year of 2012, without any opposition. Since Board Members are informed of the agenda items by the Company management prior to the meeting, the resolutions did not face any opposition or veto.

23. BAN ON DOING BUSINESS WITH THE COMPANY AND THE NON-COMPETE CLAUSE

The Company's articles of association stipulate that the members of the Board of Directors may not seek approval from the General Assembly for being exempted from the ban on doing business and from the non-compete clause based on Articles 334 and 335 of the Turkish Commercial Code.

24. CODE OF ETHICS

The code of ethics, which has been formulated by the Board of Directors in line with the requirements of the Association of Capital Market Intermediary Institutions of Turkey (in Turkish: TSPAKB), has been presented for the information of employees, besides legal and administrative regulations, for the purposes of achieving increased social and economic benefit through the performance of capital market activities, and preserving the respectability of brokerage and furthering the profession, as well as preventing unfair competition.

25. THE NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED BY THE BOARD OF DIRECTORS

The Board of Directors has not yet formed any committees. Since the Company's efforts for compliance with Corporate Governance Principles are not yet complete, the Board of Directors has yet to elect a Corporate Governance Committee.

26. THE REMUNERATIONS OF BOARD MEMBERS

A monthly attendance fee approved by the General Assembly is paid to Board Members.

Halk Yatırım Menkul Değerler Anonim Şirketi

Financial Statements as at and For the Year Ended 31 December 2012 with Independent Auditors' Report

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

Independent Auditors' Report
Statement of Financial Position (Balance Sheet)
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

Independent Auditor's Report



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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

Halk Yatırım Menkul Değerler Anonim Şirketi

We have audited the statement of financial position of Halk Yatırım Menkul Değerler Anonim Şirketi (the "Company") as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity, statement of 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 financial statements in accordance with the Financial Reporting Standards promulgated by the Capital Markets Board of Turkey. This responsibility includes: designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards promulgated by the Capital Markets Board of Turkey. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal systems 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 system. Our independent audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Independent Auditor's Report

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Halk Yatırım Menkul Değerler Anonim Şirketi as at 31 December 2012 and of its financial performance and its cash flows for the period then ended in accordance with the Financial Reporting Standards (Note 2) promulgated by Capital Market Board of Turkey.

Istanbul, 11 March 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ



Erdal Tıkmak, SMMM

Partner

Additional Paragraph for Convenience Translation to English

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

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Halk Yatırım Menkul Değerler Anonim Şirketi
Statement of Financial Position (Balance Sheet) 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
ASSETS			
CURRENT ASSETS		410.170.222	95.321.243
Cash and cash equivalents	3	151.792.848	8.986.943
Financial investments	4	51.168.564	8.418.265
Trade receivables	5	206.506.940	77.087.516
- Trade receivables from related parties	22	144.045	106.138
- Other trade receivables	5	206.362.895	76.981.378
Other receivables	7	592.100	784.369
Other current assets	9	109.770	44.150
NON CURRENT ASSETS		7.238.590	4.291.149
Financial investments	4	3.633.011	1.020.695
Investments in equity accounted investees	8	1.309.338	1.190.258
Tangible assets (net)	10	1.898.042	1.799.983
Intangible assets (net)	11	398.199	225.882
Deferred tax assets	20	--	54.331
TOTAL ASSETS		417.408.812	99.612.392
LIABILITIES			
CURRENT LIABILITIES		353.020.488	47.694.056
Financial liabilities	6	147.811.690	4.941.492
Trade payables	5	203.518.538	41.549.791
- Trade payables to related parties	22	7.890	16.312
- Other trade payables	5	203.510.648	41.533.479
Other payables	7	536.715	424.055
Current income tax liabilities	20	--	189.206
Deferred tax liabilities	20	442.862	--
Provisions	12	313.868	222.486
Employee benefits	13	396.815	367.026
NON CURRENT LIABILITIES		284.846	236.149
Employee benefits	13	284.846	236.149
EQUITY		64.103.478	51.682.187
Share capital	14	46.000.000	36.000.000
Restricted reserves	14	5.112.915	4.593.375
Fair value reserve	14	2.362.315	--
Retained earnings	14	569.272	752.899
Profit for the year		10.058.976	10.335.913
TOTAL EQUITY AND LIABILITIES		417.408.812	99.612.392

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

Halk Yatırım Menkul Değerler Anonim Şirketi

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
Sales revenue	15	154.755.205	845.900.441
Cost of sales	15	(153.987.697)	(845.906.225)
Service income	15	16.659.243	20.321.460
Other operating income	15	6.359.663	5.866.954
GROSS PROFIT		23.786.414	26.182.630
Selling and marketing expenses	16	(3.612.050)	(3.320.778)
General administrative expenses	16	(14.215.492)	(12.217.288)
Other operating income	18	723.592	699.059
Other operating expenses	18	(6.556)	(35.409)
OPERATING PROFIT		6.675.908	11.308.214
Share of income / (expense) of equity accounted invest-ees	8	119.080	(59.742)
Finance income	19	13.261.255	7.575.826
Finance costs	19	(7.500.592)	(5.902.378)
PROFIT BEFORE TAXATION		12.555.651	12.921.920
Tax expense			
- Current income tax expense	20	(1.999.482)	(2.597.323)
- Deferred tax (expense) / income	20	(497.193)	11.316
PROFIT FOR THE YEAR		10.058.976	10.335.913
OTHER COMPREHENSIVE INCOME		2.362.315	--
Net change in the fair value of available for sale financial assets		2.362.315	--
TOTAL COMPREHENSIVE INCOME		12.421.291	10.335.913

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

Halk Yatırım Menkul Değerler Anonim Şirketi

Statement of Changes in Equity For the Year Ended 31 December 2012

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

	Note	Paid-in capital	Restricted reserves	Fair value reserve	Retained earnings	Profit for the year	Total
1 January 2011		36.000.000	3.238.062	--	768.059	11.123.802	51.129.923
<i>Total comprehensive income</i>							
- Profit for the year		--	--	--	--	10.335.913	10.335.913
Total comprehensive income		--	--	--	--	10.335.913	10.335.913
Transfers to retained earnings		--	--	--	11.123.802	(11.123.802)	--
Transfers to restricted reserves		--	1.355.313	--	(1.355.313)	--	--
Transfers from capital reserves and profit for the year to paid-in capital		--	--	--	(9.783.649)	--	(9.783.649)
Balance at 31 December 2011		36.000.000	4.593.375	--	752.899	10.335.913	51.682.187
1 January 2012		36.000.000	4.593.375	--	752.899	10.335.913	51.682.187
<i>Total comprehensive income</i>							
- Profit for the year		--	--	--	--	10.058.976	10.058.976
- Change in fair value of available for sale financial assets, net		--	--	2.362.315	--	--	2.362.315
Total comprehensive income		--	--	2.362.315	--	10.058.976	12.421.291
Transfers to retained earnings		--	--	--	10.335.913	(10.335.913)	--
Transfers to restricted reserves	14	--	519.540	--	(519.540)	--	--
Transfers from capital reserves and profit for the year to paid-in capital	14	10.000.000	--	--	(10.000.000)	--	--
Balance at 31 December 2012		46.000.000	5.112.915	2.362.315	569.272	10.058.976	64.103.478

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

Halk Yatırım Menkul Değerler Anonim Şirketi
Statement of Cash Flows 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
A. Cash flows from operating activities			
Profit for the year		10.058.976	10.335.913
<i>Adjustments for:</i>			
Depreciation and amortisation	16	864.597	690.122
Provision expense for doubtful receivables	5	20.460	24.463
Current income tax expense	20	1.999.482	2.597.323
Deferred tax expense / (income)	20	497.193	(11.316)
Provision expense for severance pay liability	17	383.245	114.499
Provision for unused vacations	17	94.986	164.841
Other provisions / (reversal of other provisions)		91.382	(56.130)
Interest income	19	(13.258.963)	(7.422.540)
Dividends income	19	(2.292)	(153.286)
Share of (income) / loss of equity accounted investees	8	(119.080)	59.742
Interest expenses	19	7.294.079	5.697.899
Operating income before changes in equity		7.924.065	12.041.530
Interest received		8.874.363	7.756.697
Dividends received	19	2.292	153.286
Trade and other receivables		(129.186.733)	50.874.581
Financial investments at fair value through profit or loss		(38.785.133)	(7.924.194)
Other current assets		(65.620)	(22.263)
Trade and other payables		157.924.777	(62.972.931)
Employee termination benefit payments	13	(334.548)	(65.797)
Vacation pay liability payments	13	(65.197)	(22.341)
Taxes paid	20	(2.249.570)	(2.937.598)
Net cash provided from / (used in) provided from operating activities		4.038.696	(3.119.030)
B. Cash flows from investing activities			
Acquisitions of investments in equity accounted investees	8	--	(1.250.000)
Financial investments -available for sale	4	(250.001)	(1)
Acquisitions of tangible assets	10	(809.457)	(252.248)
Acquisitions of intangible assets	11	(325.516)	(207.516)
Proceeds from sale of tangible assets	10	--	8.640
Net cash used in investing activities		(1.384.974)	(1.701.125)
C. Cash flows from financing activities			
Dividends paid		--	(9.783.649)
Financial liabilities		142.569.167	(26.715.000)
Interest paid		(6.993.048)	(5.799.825)
Net cash flows provided from / (used in) financing activities		135.576.119	(42.298.474)
Effect of change in exchange rates on cash and cash equivalents		--	--
Net increase / (decrease) in cash and cash equivalents		138.229.841	(47.118.629)
Cash and cash equivalents at the beginning of the year	3	7.159.584	54.278.213
Cash and cash equivalents at the end of the year	3	145.389.425	7.159.584

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

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the 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 Company

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

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

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

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

	31 December 2012	31 December 2011
T. Halk Bankası AŞ	99,94%	99,94%
Other	0,06%	0,06%
Total	100,00%	100,00%

As at 31 December 2012, the Company has 114 employees (31 December 2011: 97). The Company operates with 11 branches. With reference to agency agreement, all branches of T. Halk Bankası AŞ are agencies of the Company and there is commission sharing with these agencies.

Branch addresses of the Company are as follows:

İstanbul Branch : Halide Edip Adivar Mah. Darülaceze Cad. No: 20 Zeminkat Şişli / İstanbul

Ankara Branch : Ziya Gökalp Cad. No: 5 Kızılay / Ankara

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

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

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

Balıkesir Branch: Hisariçi Mah. Milli Kuvvetler Cad. No:15 Balıkesir

Antalya Branch : Milli Egemenlik Cad. Elmalı Mah. 7. Sok. Kat:6 No:38 Antalya

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

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

Denizli Branch : Sırapapılar Mah. Saltak Cad. No:40/A Merkez/ Denizli

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

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

Details of the Company's associates are presented below:

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

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

Halk Portföy Yönetimi AŞ

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

2 Basis of presentation of the financial statements

2.1 Basis of presentation

2.1.1 Accounting principles

The Company maintains its books of accounts and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, Turkish Tax Legislation and the Uniform Chart of Accounts issued by CMB.

The Company prepared its 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 Communiqué XI-29 which refers to International Accounting Standards ("IAS") / International Financial Reporting Standards ("IFRS"), which were endorsed by European Union.

However, until the issuance of differences by Turkish Accounting Standards Board ("TASB"), within the IAS/IFRS endorsed by European Union and IAS/IFRS issued by International Accounting Standards Board ("IASB"), the accompanying financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") / Turkish Financial Reporting Standards ("TFRS"), issued by TASB and which are the same as IAS/IFRS. Therefore, as of 31 December 2012 the accompanying financial statements are prepared in accordance with the IAS/IFRS.

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

The financial statements as at and for the year ended 31 December 2012 have been approved by the Board of Directors of the Company and authorised for issue as at 11 March 2013. General Assembly has the discretion of making changes in the accompanying financial statements after their issuance.

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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The differences between the accounting principles promulgated by the CMB, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and the International Financial Reporting Standards have influence on the accompanying financial statements. Accordingly, the accompanying 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 Functional and presentation currency

Functional currency and presentation currency of the Company is TL.

2.1.3 Accounting estimates

The preparation of 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 Company does not any significant assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2.1.4 Changes in accounting policies

Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

2.1.5 Comparative information and restatement of prior year's financial statements

The accompanying financial statements are presented comparatively to give a true and fair view of financial position, financial and cash flow performance of the Company. When presentation and classification of financial statements change, financial statements of prior period are also changed in accordance with this new case in order to make comparison easier and these issues are explained properly.

2.1.6 New standards and interpretations not yet adopted as at 31 December 2012**Standards, amendments and interpretations to existing standards effective in 2012**

The Company applied all of the relevant and required standards promulgated by International Accounting Standards Board ("IASB") and the interpretations of IASB as at 31 December 2012.

New standards and interpretations not yet adopted as at 31 December 2012

There are new standards, amendments and interpretations which are not yet effective and are not early adopted by the Company. Except TFRS 9 -'Financial Instruments: Recognition and Measurement' published in Official Gazette numbered 27564 on 27 April 2010 by TASB, these new standards and interpretations do not cause significant effect on the accompanying financial statements.

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Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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2.2 Summary of significant accounting policies

2.2.1 Accounting of revenue and expenses

Sales revenue and finance income

-Brokerage services in capital markets: The income obtained from the brokerage services is recorded to 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 Company's management occurs related to the uncertainty of the collection.

-Interest income: Interest income is recognised in profit or loss using the effective interest method. Interests received from customers is presented in "Other operating income" (Note 15), interests received from time deposits are presented in "Finance income" (Note 19).

-Income on securities sale and purchases: Income on securities sale and purchases are recorded as income to the profit or loss on the same date of transaction.

-Funds lendend under reverse repurchase agreements: The terms of funds lendend 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. Income from reverse repurchase agreements is presented in "Finance income" (Note 19).

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

Dividend and similar revenues from equity shares are recognised when the shareholders' rights to receive payment have been established.

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

Other revenue and expenses are recognised according to accrual basis.

2.2.2 Tangible assets

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

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.

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Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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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.

Depreciation

The estimated useful lives of tangible assets are as follows:

Machinery and equipment	8 years
Furniture and fixtures	3-15 years
Leasehold improvements	5 years or less than rental duration

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.

2.2.3 Intangible assets

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

2.2.4 Investments in associates (Investments in equity accounted investees)

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

2.2.5 Impairment of non financial assets

At each reporting date, the Company evaluates whether there is any indication of impairment over the assets. If such indication exists, recoverable amount of the asset is estimated immediately. If the book value of the asset or a cash-generating unit of the asset is higher than the net selling price or value in use, it indicates that there is impairment on the assets. The recoverable amount is the greater of the net selling price and the value in use. The value in use is the present value of the future cash flows expected from the continuous usage of that asset and from the sale of the asset at the end of its useful life. Impairment loss on an asset should be recognised as

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an expense in profit or loss. An impairment loss for an asset should be reversed if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised. The reversal amount cannot be higher than impairment amount recognised in the financial statements.

2.2.6 Borrowing costs

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

2.2.7 Financial instruments

Recognition and derecognition of financial asset and liabilities

All financial assets and liabilities are initially recognised on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company 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 asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss", "available for sale financial assets", "trade and other receivables", "cash and cash equivalents", "financial liabilities" and "trade and other payables".

Trading transactions of these financial instruments are recognised or derecognised according to their delivery date. Valuation differences occurred between transaction date and delivery date for financial assets at fair value through profit or loss and available for sale financial assets, are reflected to financial statements. Classifications of financial instruments are decided on acquisition date by considering purchase purpose.

Non derivative financial assets

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss is divided into three subgroups: "Financial assets held for trading", "Financial assets at fair value through profit or loss" and "Derivative financial assets held for trading".

Financial assets at fair value through profit or loss are generally acquired for the purpose of selling in the short term in order to acquire revenue from fluctuations in the market.

Financial assets at fair value through profit or loss are reflected to statement of financial position with their fair value and then measured at fair value. Difference between cost and fair values is included in profit/loss accounts.

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

ii) 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.

Available-for-sale financial assets are subsequently measured at their fair values. Unrecognised gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under shareholders' equity. In case of sales, the realised gain or losses are recognised directly in the statement of operations.

Beginning from 31 December 2012, the Company has changed its accounting policy which is related to the equity investments accounted under available for sale financial assets and began to record related equity investments with their fair values. Fair values of the equity investments are determined with the valuation reports that are prepared by the independent valuation companies and valuation differences are recorded in "Fair value reserve" under shareholders' equity.

Investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and are measured at cost since their value may not be measured reliably.

iii) Trade and other receivables

Trade and other receivables are financial assets made up as a result of providing service or money to debtor. Trade and other receivables are initially measured at cost and then, subsequently measured at amortised cost using the effective interest method less any impairment.

iv) 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 and 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.

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

Non derivative financial liabilities*i) Financial liabilities*

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

ii) Trade and other payables

Trade and other payables are initially measured at fair value, and then, subsequently measured at amortised cost using the effective interest method.

Capital*i) 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.

Impairment of financial assets

Except for the financial assets at fair value through profit or loss, financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

i. Trade and other receivables

The Company evaluates indicators of impairment at trade receivables separately.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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ii. Available for sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

2.2.8 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.2.9 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 balance sheet date. Exchange gains or losses arising from such transactions are included in profit or loss.

As at 31 December 2012 and 31 December 2011, the Company does not have any transactions with foreign currency.

2.2.10 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 Company are not traded at stock exchange, earnings per share is not calculated in accompanying financial statements.

2.2.11 Subsequent events

Events after balance sheet date comprise any event between the balance sheet date and the date of authorisation for the balance sheet's publication, even if any event after balance sheet date occurred subsequent to an announcement on the Company's profit or following any financial information disclosed to public. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjustments made after reporting date); and
- to have evidences of showing related subsequent events occurred after balance sheet date (adjustments not made after balance sheet date).

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The Company adjusts its financial statements if adjusting subsequent events arise subsequent to the balance sheet date. If it is not necessary to adjust the financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the financial statements.

2.2.12 Provisions, contingent liabilities and assets

According to "TAS 37 - Turkish Accounting Standards on provisions, contingent liabilities and assets" a provision is recognised when the Company 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 Company discloses the related issues in the accompanying notes.

If it is probable that economic benefit comes through in entity, the Company discloses the related issues about contingent assets in the accompanying notes. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in financial statements of the period in which the change occurs.

2.2.13 Leased assets

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

The Company as lessor

There are not any transactions of the Company as lessor.

The Company as lessee

Operational lease expense is recognised in 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.

2.2.14 Related parties

In accompanying financial statements, key management personnel of the Company and board of directors, their family and controlled or dependent companies, associates and subsidiaries are all accepted and referred to as 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.

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2.2.15 Income tax

Taxes on income comprise current taxes and changes in 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 and restatement of previous year tax payable.

Deferred income tax is provided on all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the financial reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated using the tax rates that are expected to be valid at the time that the temporary differences will close.

Deferred tax assets and liabilities are reported as net in the financial statements.

2.2.16 Employee benefits**Reserve for severance pay liability**

In accordance with the existing social legislation in Turkey, the Company 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.

As at 31 December 2012, the ceiling amount is TL 3.034 TL (31 December 2011: TL 2,731), reserve for severance pay liability 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.

The Company has provided reserve for employee severance indemnities using actuarial method in the accompanying financial statements.

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As at 31 December 2012 and 31 December 2011, the main assumptions used in the net present value calculation are as follows;

	31 December 2012	31 December 2011
Net discount rate	2,38%	4,5%
Estimated salary/limit increase rate	5%	4,5%
Estimated retirement eligibility rate	88%	88%

The specified expected rate of salary/limit increase is defined according to inflation estimation of the Government.

Pension plan

There is no pension plan or benefit provided by the Company for its personnel.

2.2.17 Turkish derivatives exchange market ("TDE") transactions

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

2.2.18 Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of 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 flow, cash flows are classified according to operating, investing and financing activities. Cash flows from operating activities reflect cash flows mainly generated from main operations of the Company. Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investing activities of the Company. Cash flows relating to financial activities express sources of financial activities and payment schedules of the Company.

2.2.19 Segment reporting

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

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3 Cash and cash equivalents

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

	31 December 2012	31 December 2011
Cash at banks ^(*)	151.667.138	7.982.786
- <i>Time deposits</i>	145.080.998	7.669.293
- <i>Demand deposits</i>	6.586.140	313.493
Government and private sector bonds with maturities less than 3 months	--	3.984
Receivables from reverse repurchase agreements	123.584	918.630
Receivables from Stock Exchange Money Market ("SEMM") ^(**)	--	80.000
Cash	2.126	1.543
Cash and cash equivalents on statement of financial position	151.792.848	8.986.943
Interest income accruals on cash and cash equivalents	(438.727)	(19.293)
Customer assets	(5.964.696)	(1.808.066)
Cash and cash equivalents on statement of cash flows	145.389.425	7.159.584

As at 31 December 2012, TL 145.080.998 of cash at banks (31 December 2011: TL 7.669.293) is held on time deposit accounts of T. Halk Bankası AŞ which is main shareholder of the Company, TL 6.579.158 of cash at banks is on demand deposit accounts (31 December 2011: TL 235.243).

As at 31 December 2012, maturity of receivables from reverse repurchase agreements is 1 day and interest rate is 3,99% (31 December 2011: 3 day maturity, 10.83% interest rate).

^(*) TL 5.964.696 (31 December 2011: TL 1.808.066) of bank accounts are customer assets which are not yet invested and evaluated with its own deposit accounts of the Company as at 31 December 2012.

^(**) As at 31 December 2012, there is no receivables related with sales transactions made at SEMM by the Company (31 December 2011: 2 day maturity, 10.70% interest rate).

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As at 31 December 2012 and 31 December 2011, the details of time deposits are as follows:

	31 December 2012			31 December 2011		
	Interest rate (%)	Maturity	Amount	Interest rate (%)	Maturity	Amount
T. Halk Bankası AŞ	8,10	18.03.2013	30.079.638	12,25	06.02.2012	7.519.256
T. Halk Bankası AŞ	8,15	20.02.2013	14.058.133	5,50	02.01.2012	150.037
T. Halk Bankası AŞ	8,15	26.02.2013	10.067.903	--	--	--
T. Halk Bankası AŞ	8,15	25.02.2013	10.049.047	--	--	--
T. Halk Bankası AŞ	8,15	28.01.2013	10.024.599	--	--	--
T. Halk Bankası AŞ	8,15	29.01.2013	10.022.705	--	--	--
T. Halk Bankası AŞ	8,15	30.01.2013	10.022.702	--	--	--
T. Halk Bankası AŞ	8,15	25.01.2013	10.020.822	--	--	--
T. Halk Bankası AŞ	8,15	28.01.2013	10.015.138	--	--	--
T. Halk Bankası AŞ	8,15	28.01.2013	10.013.246	--	--	--
T. Halk Bankası AŞ	8,15	31.01.2013	8.520.902	--	--	--
T. Halk Bankası AŞ	8,15	25.02.2013	5.036.785	--	--	--
T. Halk Bankası AŞ	8,15	31.01.2013	3.503.310	--	--	--
T. Halk Bankası AŞ	8,15	23.01.2013	1.503.692	--	--	--
T. Halk Bankası AŞ	5,00	02.01.2013	890.104	--	--	--
T. Halk Bankası AŞ	8,15	06.02.2013	501.136	--	--	--
T. Halk Bankası AŞ	8,15	01.02.2013	751.136	--	--	--
Total			145.080.998			7.669.293

As at 31 December 2012 and 31 December 2011, there is no blockage on cash and cash equivalents of the Company.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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4 Financial investments

Short term financial assets

As at 31 December 2012 and 31 December 2011, short term financial investments are as follows:

Financial assets at fair value through profit or loss

	31 December 2012		31 December 2011	
	Nominal value	Carrying value	Nominal value	Carrying value
Government bonds	33.201.000	32.515.230	500.625	497.105
Private sector bonds	8.057.233	8.081.983	5.972.959	5.921.160
Equity securities	2.422.987	6.329.066	--	--
Investment Funds	425.000.000	4.242.285	200.000.000	2.000.000
Total		51.168.564		8.418.265

As at 31 December 2012, government bonds with nominal value TL 700.000 (31 December 2011: TL 500.000) and carrying value of TL 684.509 (31 December 2011: TL 496.044) is pledged as collateral at Turkish Derivatives Exchange (Vadeli İşlem ve Opsiyon Borsası).

As at 31 December 2012, government bonds with nominal value TL 200.000 (31 December 2011: None) and carrying value of TL 195.574 (31 December 2011: None) is pledged as collateral at Turkish Derivatives Exchange (Vadeli İşlem ve Opsiyon Piyasası).

Long term financial assets

As at 31 December 2012 and 31 December 2011, long term financial assets are as follows:

Available for sale financial assets

	31 December 2012		31 December 2011	
	Carrying value	Ownership rate (%)	Carrying value	Ownership rate (%)
Share investments				
Halk Hayat ve Emeklilik AŞ	3.032.600	0,590	768.469	0,590
Halk Gayrimenkul Yatırım Ortaklığı AŞ	319.800	0,052	250.000	0,052
Halk Faktoring AŞ ^(*)	278.384	1,250	--	--
Ziraat Portföy Yönetimi AŞ ^(**)	2.225	0,100	2.225	0,100
Halk Finansal Kiralama AŞ ^(***)	2	--	1	--
Total	3.633.011		1.020.695	

^(*) Recognised in the financial statements with cost value.

^(**) The Company has paid the capital in cash amounted TL 250.000 with 1,25% of share of Halk Faktoring AŞ on 23 May 2012.

^(***) The Company has decided to participate to Halk Finansal Kiralama AŞ with 1 share with TL 1 nominal value by purchasing 1 share with TL 1 nominal value on 21 September 2011. Additionally with the Ordinary General Assembly meeting decision held on 14 May 2012, the Company has increased its participation to TL 2 by purchasing 1 share with TL 1 nominal value by paying TL 0,67.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

5 Trade receivables and payables

Trade receivables

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

	31 December 2012	31 December 2011
Receivables from Stock Exchange Money Market ("SEMM") ^(*)	150.049.000	32.236.000
Receivables from loan customers ^(**)	46.595.795	36.761.721
Collaterals given to TDE (Vadeli İşlem ve Opsiyon Borsası) ^(***)	7.915.353	7.312.028
Receivables from customers	1.309.747	671.629
Borrowed securities	493.000	--
Receivables from related parties (Note 22)	144.045	106.138
Doubtful trade receivables	20.460	24.463
Provision for doubtful trade receivables	(20.460)	(24.463)
Total	206.506.940	77.087.516

^(*) Receivables related with sales transactions made at SEMM on behalf of customers by the Company.

^(**) As at 31 December 2012, average interest rate of the loans which were used by customers, are 14,65% (31 December 2011: 15,38%).

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

As at 31 December 2012 and 31 December 2011, movement of doubtful receivables are as follows:

	31 December 2012	31 December 2011
Balance at the beginning of the year	24.463	16.773
Allowance provided during the year	20.460	24.463
Collections during the year	(24.463)	(16.773)
Balance at the end of the year	20.460	24.463

Trade payables

As at 31 December 2012 and 31 December 2011, trade payables are as follows:

	31 December 2012	31 December 2011
Payables to Stock Exchange Money Market	150.049.000	32.236.000
Funds provided under repurchase agreement	38.799.706	--
TDE (Vadeli İşlem ve Opsiyon Borsası) collaterals	7.915.353	7.312.028
Payables to customers	5.964.696	1.808.066
Guarantees received for lendend securities	493.000	--
Payables to suppliers	288.893	177.385
Payables to related parties (Note 22)	7.890	16.312
Total	203.518.538	41.549.791

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

6 Financial liabilities

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

	31 December 2012	31 December 2011
Payables to Stock Exchange Money Market	147.811.690	4.941.492
Total	147.811.690	4.941.492

As at 31 December 2012, letter of guarantees amounting to TL 186.000.000 are given as collateral for debts to Stock Exchange Money Market (31 December 2011: TL 106.000.000).

As 31 December 2012 and 31 December 2011, the Company's financial liabilities are as follows:

	31 December 2012			31 December 2011		
	Interest rate (%)	Maturity	Amount	Interest rate (%)	Maturity	Amount
SEMM	6,10-6,50	28.01.2013	30.048.326	11,90	02.02.2012	1.937.559
SEMM	6,10	23.01.2013	21.549.962	11,80	02.02.2012	3.003.933
SEMM	6,50	25.01.2013	20.026.655	--	--	--
SEMM	6,10-6,50	29.01.2013	15.026.225	--	--	--
SEMM	6,10	15.01.2013	14.051.414	--	--	--
SEMM	6,10-6,50	31.01.2013	12.021.529	--	--	--
SEMM	6,10	10.01.2013	10.043.419	--	--	--
SEMM	6,10	02.01.2013	10.023.337	--	--	--
SEMM	6,10	30.01.2013	10.020.006	--	--	--
SEMM	5,65-6,00	02.01.2013	5.000.817	--	--	--
Total			147.811.690			4.941.492

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

7 Other receivables and payables

Other receivables

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

	31 December 2012	31 December 2011
TDE (Vadeli İşlem ve Opsiyon Borsası) collaterals ⁽¹⁾	462.878	237.103
TDE (Vadeli İşlem ve Opsiyon Piyasası) collaterals	60.078	--
Prepaid taxes and funds (Note 20)	60.882	--
Receivables from personnel	8.262	470.784
Other	--	76.482
Total	592.100	784.369

⁽¹⁾ Consists of cash collaterals on behalf of the Company which are given to Istanbul Stock Exchange Market ("ISE").

Other payables

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

	31 December 2012	31 December 2011
Taxes and dues payable	536.715	424.055
Total	536.715	424.055

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

10 Tangible assets

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

	Machinery and equipment	Furniture and fixtures	Leasehold improvements ⁽¹⁾	Total
Cost				
Opening balance, 1 January 2011	316.278	1.307.831	1.334.428	2.958.537
Additions	13.119	169.458	69.671	252.248
Disposals	--	--	(9.946)	(9.946)
Ending balance, 31 December 2011	329.397	1.477.289	1.394.153	3.200.839
Opening balance, 1 January 2012	329.397	1.477.289	1.394.153	3.200.839
Additions	110.494	571.518	127.445	809.457
Disposals	--	--	--	--
Ending balance, 31 December 2012	439.891	2.048.807	1.521.598	4.010.296
Accumulated depreciation				
Opening balance, 1 January 2011	46.536	630.490	141.824	818.850
Current year charge	60.020	252.767	270.525	583.312
Disposals	--	--	(1.306)	(1.306)
Ending balance, 31 December 2011	106.556	883.257	411.043	1.400.856
Opening balance, 1 January 2012	106.556	883.257	411.043	1.400.856
Current year charge	63.770	352.746	294.882	711.398
Disposals	--	--	--	--
Ending balance, 31 December 2012	170.326	1.236.003	705.925	2.112.254
Net book value				
1 January 2011	269.742	677.341	1.192.604	2.139.687
31 December 2011	222.841	594.032	983.110	1.799.983
31 December 2012	269.565	812.804	815.673	1.898.042

As at 31 December 2012, total insurance on tangible assets are amounting to TL 2.933.250 (31 December 2011: TL 2.459.092).

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

11 Intangible assets

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

	Software
Cost	
Opening balance, 1 January 2011	897.574
Additions	207.516
Ending balance, 31 December 2011	1.105.090
Opening balance, 1 January 2012	1.105.090
Additions	325.516
Ending balance, 31 December 2012	1.430.606
Accumulated amortisation	
Opening balance, 1 January 2011	772.398
Current year charge	106.810
Ending balance, 31 December 2011	879.208
Opening balance, 1 January 2012	879.208
Current year charge	153.199
Ending balance, 31 December 2012	1.032.407
Net book value	
1 January 2011	125.176
31 December 2011	225.882
31 December 2012	398.199

As at 31 December 2012 and 31 December 2011, the Company does not have any internally developed intangible assets.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

12 Provisions, contingent assets and liabilities

Provisions

As at 31 December 2012 and 31 December 2011, short-term provisions are as follows:

	31 December 2012	31 December 2011
Central Registry Agency ("CRA") Settlement and Custody		
Bank commission accruals	36.772	40.492
Share-bond market participation accruals	33.111	18.725
Lawsuit provisions	22.823	14.523
Agency participation accruals	20.110	74.132
Telephone expense accruals	15.000	22.738
Other	186.052	51.876
Total	313.868	222.486

Off balance sheet liabilities

As at 31 December 2012 and 31 December 2011, off balance sheet commitments and contingencies are as follows:

Letter of guarantees given

	31 December 2012	31 December 2011
Stock Exchange Money Market Transaction Collaterals (Settlement and Custody Bank)	186.00.000	106.000.000
ISE	11.922.000	11.922.000
Capital Blockage (Settlement and Custody Bank)	1.750.000	1.750.000
TDE (Vadeli İşlem ve Opsiyon Borsası) Guarantee Fund	160.000	160.000
CMB	1.776	1.776
Other	26.504	8.375
Total	199.860.280	119.842.151

As at 31 December 2012, the Company gave guarantees amounting to Euro 10.000 and USD 50.000 in ISE to make operations in foreign marketable securities market (31 December 2011: Euro 10.000 and USD 50.000).

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

Other off balance sheet liabilities

	31 December 2012	31 December 2011
Items held in custody (nominal)		
Equity securities	441.906.882.605	428.492.548.120
Warrants	2.559.629.000	--
Marketable securities	480.221.283	322.423.230
TDE (Vadeli İşlem ve Opsiyon Borsası) agreements	4.408	7.656

As at 31 December 2012, TDE (Vadeli İşlem ve Opsiyon Borsası) transaction collaterals amounting to TL 7.915.353 are kept at ISE Settlement and Custody Bank Inc on behalf of customers (31 December 2011: TL 7.312.028).

As at 31 December 2012 and 31 December 2011, open position transactions made on behalf of the customers in TDE (Vadeli İşlem ve Opsiyon Borsası) market are as follows:

	31 December 2012	31 December 2011
Open position transactions amount	29.601.540	20.190.175

Lawsuits

As at 31 December 2012, total risk of lawsuits sued against the Company are amounting to approximately TL 143.382 (31 December 2011: TL 106.794) and TL 22.823 of provision is provided for these lawsuits on the financial statements (31 December 2011: TL 14.523).

13 Employee benefits

As at 31 December 2012 and 31 December 2011, the details of provisions related to employee benefits are below:

	31 December 2012	31 December 2011
<i>Short term</i>		
- Provision for unused vacation	396.815	367.026
<i>Long term</i>		
- Employee severance pay liability	284.846	236.149

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

Unused vacation pay liability

Unused vacation pay liability is calculated according to earned but not used vacation days of employees without discounting. As at 31 December 2012 and 31 December 2011, 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 year	367.026	224.526
Increase during the year	94.986	164.841
Paid during the year	(65.197)	(22.341)
Balance at the end of the year	396.815	367.026

Employee severance pay liability

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

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

	31 December 2012	31 December 2011
Balance at the beginning of the year	236.149	187.447
Interest cost	20.610	31.104
Service cost	49.651	35.990
Payments during the year	(334.548)	(65.797)
Actuarial difference	312.984	47.405
Balance at the end of the year	284.846	236.149

The Company recognises actuarial gains or losses in current year profit or loss.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

14 Equity

Share capital

As per the resolution of General Assembly held on 14 May 2012, the Company's nominal share capital increased to TL 46.000.000 by TL 10.000.000 with the amount of TL 128.732 from extraordinary reserves and TL 9.871.268 from 2011 profit.

As at 31 December 2012, the paid in capital of the Company is TL 46.000.000 (31 December 2011: TL 36.000.000) and the Company's share capital is comprised of 36.000.000 shares each having a nominal value of TL 1. All shares of the Company are registered. TL 20.700.000 of shares is (A) Group and TL 25.300.000 is (B) Group. At least four members of the Board of Directors are selected by General Assembly among candidates proposed by (A) group shareholders. Besides, at least two members of auditors are selected by General Assembly among candidates proposed by (A) group shareholders. The Company is not subject to registered capital limit system.

	31 December 2012			31 December 2011		
	Share (%)	Share	Amount (TL)	Share (%)	Share	Amount (TL)
T. Halk Bankası AŞ (A Group)	45,00	20.700.000	20.700.000	45,00	16.200.000	16.200.000
T. Halk Bankası AŞ (B Group)	54,94	25.272.400	25.272.400	54,94	19.778.399	19.778.399
Other (B Group)	0,06	27.600	27.600	0,06	21.601	21.601
Total	100,00	46.000.000	46.000.000	100,00	36.000.000	36.000.000

Restricted reserves

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company'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.

Fair value reserve

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

Retained earnings

As at 31 December 2012, retained earnings of the Company are amounting to TL 569.272 (31 December 2011: TL 752.899).

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

15 Sales revenue and cost of sales

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

	1 January - 31 December 2012	1 January - 31 December 2011
<i>Sales revenue</i>		
Government bond sales	141.916.923	834.357.804
Bank bond sales	7.012.881	1.105.232
Investment fund sales	2.407.329	-
Equity security sales	2.096.018	9.672.322
Private sector bond sales	1.036.658	177.770
Commercial paper sales	285.396	456.460
Derivative markets transaction revenues	--	130.853
Total sales revenue	154.755.205	845.900.441
<i>Cost of sales</i>		
Government bond sales	(141.455.371)	(834.357.368)
Bank bond sales	(7.003.878)	(1.104.789)
Investment fund sales	(2.120.039)	-
Equity security sales	(2.103.377)	(9.694.878)
Private sector bond sales	(1.030.607)	(176.730)
Commercial paper sales	(274.425)	(455.765)
Derivative markets transaction revenues	--	(116.695)
Total cost of sales	(153.987.697)	(845.906.225)
<i>Service income</i>		
Brokerage commission income	12.150.396	16.029.366
Public offering intermediary income	2.555.208	584.475
Advisory service income	1.907.793	547.649
Fund management commission income	426.112	3.087.043
Custody commission income	193.952	253.072
Other service income	837	8.857
Customer commission returns	(575.055)	(189.002)
Total service income	16.659.243	20.321.460
<i>Other operating income</i>		
Interest received from customers		
- Interest income from loans and receivables	6.174.557	5.472.251
- Default interest	185.106	394.703
Total	6.359.663	5.866.954
Gross profit	23.786.414	26.182.630

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

16 Selling and marketing expenses and general administrative expenses

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

	1 January - 31 December 2012	1 January - 31 December 2011
<i>Selling and marketing expenses</i>		
Share of stock exchange expenses	1.257.419	1.222.326
Data screen expenses	660.245	678.569
Data server expenses	458.241	280.981
Commission and service expenses	354.743	436.068
Public offering commissions expenses	253.792	--
Sponsorship expenses	250.000	300.000
Advertising, notice and subscription expenses	149.647	70.673
Stock exchange access expenses	91.895	95.940
Internet and website expenses	41.722	55.491
Stock exchange and association subscriptions	35.016	62.947
Representation expenses	5.913	66.706
Other	53.417	51.077
Total	3.612.050	3.320.778

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

	1 January - 31 December 2012	1 January - 31 December 2011
<i>General administrative expenses</i>		
Personnel expenses	9.169.795	7.448.680
-Salaries	6.595.290	5.379.195
-Personnel insurance expenses	1.285.130	1.036.548
-Personnel food expenses	357.477	317.819
-Personnel service expenses	272.492	221.336
-Other personnel expenses	659.406	493.782
Rent expenses	890.467	985.268
Depreciation and amortisation expenses	864.597	690.122
Outsourced benefits and services	742.919	504.561
Taxes and dues	665.135	820.886
Electricity, water and telephone expenses	460.439	516.004
Audit and advisory expenses	136.309	248.287
T. Halk Bankası AŞ common expense participation provision expense	108.717	289.577
Maintenance and repair expenses	66.150	50.124
Post expenses	57.830	39.819
Other	1.053.134	623.960
Total	14.215.492	12.217.288

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

17 Expenses by function

The Company has classified the expenses on function basis in the accompanying financial statements. Depreciation and amortisation expenses for the year ended 31 December 2012 are TL 864.597 (31 December 2011: TL 690.122). Employee severance pay liability expense for the year ended 31 December 2012 is amounting to TL 383.245. Vacation pay liability expense for the year ended 31 December 2012 is amounting TL 94.986 (31 December 2011: TL 114.499 of employee severance pay liability expense, TL 164.841 of vacation pay liability expense).

18 Other operating income / expenses

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

	1 January - 31 December 2012	1 January - 31 December 2011
<i>Other operating income</i>		
Other service income ⁽¹⁾	639.825	654.474
Other income and profits	27.804	29.285
Provisions no longer required	55.963	15.300
Total	723.592	699.059

⁽¹⁾ Comprises other income received from customers, reflected postage fees and taxes.

	1 January - 31 December 2012	1 January - 31 December 2011
<i>Other operating expenses</i>		
Lawsuit provisions	8.300	5.992
Other expense and losses	(1.764)	29.417
Total	6.536	35.409

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

19 Finance income / costs

For the years ended 31 December 2012 and 31 December 2011, finance income and expenses are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
<i>Finance income</i>		
Interest income on time deposits	5.175.215	6.894.746
Interest income on reverse repurchase agreements	3.988.642	189.256
Value increase of equity investments	2.807.109	--
Accrual income on government bonds/ treasury bills	1.136.661	118.118
Dividend income from affiliates	2.292	153.286
Other	151.336	220.420
Total	13.261.255	7.575.826
<i>Finance costs</i>		
Interest expense on borrowings	4.023.620	5.415.418
Interest expense on repurchase agreements	3.270.459	282.481
Letter of guarantee commissions	206.513	204.479
Total	7.500.592	5.902.378

20 Taxation

As at 31 December 2012 and 31 December 2011, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

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

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

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

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

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

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

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 Company's effective income tax rate for the years ended 31 December 2012 and 31 December 2011, are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Profit before income tax	12.555.651	12.921.920
Corporate tax computed with statutory tax rate (20%)	2.511.130	2.584.384
Disallowable expenses	8.741	30.806
Tax exempt income	(23.196)	(29.183)
Tax expense	2.496.675	2.586.007

For the year ended 31 December 2012, effective tax rate is 20% (31 December 2011: 20%).

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

	1 January - 31 December 2012	1 January - 31 December 2011
Current income tax expense	1.999.482	2.597.323
Deferred tax expense / (income)	497.193	(11.316)
Tax expense	2.496.675	2.586.007

As at 31 December 2012 and 31 December 2011, the corporation tax payable after deduction of prepaid taxes is presented as in the "current income tax liabilities" account or "prepaid taxes" account.

	31 December 2012	31 December 2011
Transfer from previous year	189.206	529.481
Current income tax expense	1.999.482	2.597.323
Prepaid taxes	(2.249.570)	(2.937.598)
(Current taxes receivable)/Income taxes payable	(60.882)	189.206

Current taxes receivable amounting to TL 60.882 is presented under "Other receivables" in the "Prepaid taxes and funds" account (Note 7).

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

Deferred tax

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

	31 December 2012	31 December 2011
Deferred tax assets		
Unused vacation pay liability	79.363	73.405
Reserve for severance pay liability	56.969	47.230
Allowance for doubtful receivables	4.092	4.893
Other	10.239	2.905
Total deferred tax assets	150.663	128.433
Deferred tax liabilities		
Financial assets	509.919	12.348
Effect of the depreciation and amortisation method difference between tax regulations and financial reporting on tangible and intangible assets	76.618	61.754
Other	6.988	--
Total deferred tax liabilities	593.525	74.102
Net deferred tax (liabilities)/assets	(442.862)	54.331

21 Earnings per share

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

22 Related party transactions

As at 31 December 2012 and 31 December 2011, balances with related parties are as follows:

	31 December 2012	31 December 2011
Cash and cash equivalents		
T. Halk Bankası AŞ	151.660.156	7.904.536
Total	151.660.156	7.904.536
Trade receivables from related parties		
Halk Sigorta AŞ	47.200	--
Halk Gayrimenkul Yatırım Ortaklığı AŞ	29.500	--
Halk Yatırım AŞ B tipi Likit Fon	23.112	63.667
Halk Hayat ve Emeklilik AŞ	16.225	--
Halk Yatırım Menk. Değ. AŞ B Tipi Şemsiye Fonu	15.141	--
Halk Portföy Yönetimi AŞ	6.166	--
Halk Yatırım AŞ İMKB 30 Endeks Fon	3.851	6.646
Halk Yatırım A.Ş Test Hesabı	2.850	--
T. Halk Bankası Sermaye Piyasası İşlem Müdürlüğü	--	28.005
Other	--	7.820
Total	144.045	106.138
Payables to related parties		
Halk Portföy Yönetimi AŞ	7.835	--
Halk Sigorta AŞ	55	5.502
T. Halk Bankası AŞ	--	10.798
Other	--	12
Total	7.890	16.312

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

Transactions with related parties

For the years ended 31 December 2012 and 31 December 2011, transactions with related parties are as follows:

Income from related parties

	1 January - 31 December 2012	1 January - 31 December 2011
T. Halk Bankası AŞ		
Interest income on time deposits	5.175.215	6.894.746
Commission income on public offer	1.053.992	351.108
Advisory service income	125.000	350.000
Fund management commission income	87.787	2.005.394
Halk Yatırım B Type Liquid Fund		
Fund management commission income	331.905	1.081.649
Halk Gayrimenkul Yatırım Ortaklığı AŞ		
Advisory service income	400.000	--
Halk Finansal Kiralama AŞ		
Advisory service income	500.000	--
Halk Sigorta AŞ		
Advisory service income	115.000	--
Halk Hayat ve Emeklilik AŞ		
Other service income	140.663	--
Total	7.929.562	10.682.897

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

Expenses to related parties

	1 January - 31 December 2012	1 January - 31 December 2011
T. Halk Bankası AŞ		
Rent expenses	670.277	783.685
Agency rebates	516.750	--
Common cost participation expenses	108.717	289.577
Sponsorship expenses	250.000	300.000
Public offering rebates	253.792	--
Letter of guarantee commissions	6.895	6.275
Bank charges	--	3.910
Personnel bonus expenses	--	72.615
Interest expense on borrowings	--	4.214
Halk Gayrimenkul Yatırım Ortaklığı AŞ		
Rent expenses	220.190	201.583
Halk Portföy Yönetimi AŞ.		
Interest expense	47.252	--
Halk Sigorta AŞ		
Personnel and health insurance expenses	185.427	123.974
Halk Hayat ve Emeklilik AŞ		
Personnel expenses- death insurance expenses	40.056	23.129
Total	2.299.356	1.808.962

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

Wages and other benefits granted to top management

For the year ended 31 December 2012, wages and similar benefits provided to the top management including Chairman, Member of the Board of Directors, General Manager, General Coordinator, and Assistant General Managers is amounting to TL 1.327.042 (31 December 2011: TL 1.130.401).

23 Nature and level of risks related to financial instruments

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. The Company is obliged to prepare risk provision, capital adequacy basis and liquidity requirement calculation tables in accordance with Communiqué 34 and report these to CMB periodically.

23.1 Credit risk

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

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

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

31 December 2012	Receivables				Cash at banks ⁽¹⁾	Financial assets ⁽²⁾
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	144.045	206.362.895	--	592.100	151.790.722	44.839.498
- Guaranteed part of maximum credit risk with collaterals etc	--	206.362.895	--	--	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	144.045	206.270.624	--	592.100	151.790.722	44.839.498
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	92.271	--	--	--	--
- Guaranteed part of risk with collaterals etc	--	92.271	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	20.460	--	--	--	--
- Impairment (-)	--	20.460	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

⁽¹⁾ Reverse repurchase agreements presented in cash and cash equivalents amounting to TL 123.584 is included.⁽²⁾ There is no marketable securities will be matured within three months presented in cash and cash equivalents. Long term financial assets are not included. Since equity securities do not bear credit risk, they are not included in financial assets.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the 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	Receivables				Cash at banks ⁽¹⁾	Financial assets ⁽²⁾
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	106.138	76.981.378	--	784.369	8.981.416	8.422.249
- Guaranteed part of maximum credit risk with collaterals etc	--	76.981.378	--	--	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	106.138	76.889.107	--	784.369	8.981.416	8.422.249
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	92.271	--	--	--	--
- Guaranteed part of risk with collaterals etc	--	92.271	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	24.463	--	--	--	--
- Impairment (-)	--	24.463	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

⁽¹⁾ Reverse repurchase agreements amounting to TL 918.630 and receivables from SMME amounting to TL 80.000 presented in cash and cash equivalents are included.

⁽²⁾ Marketable securities will be matured within three months presented in cash and cash equivalents amounting to TL 3.984 is included. Long term financial assets are not included. Since equity securities do not bear credit risk, they are not included in financial assets.

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

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

31 December 2012	Receivables				Cash at banks	Financial investment
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Overdue 1-30 days	--	--	--	--	--	--
Overdue 1-3 months	--	--	--	--	--	--
Overdue 3-12 months	--	--	--	--	--	--
Overdue 1-5 years	--	--	--	--	--	--
Overdue more than 5 years	--	92.271	--	--	--	--
Guaranteed part with collaterals etc.	--	92.271	--	--	--	--

31 December 2011	Receivables				Cash at banks	Financial investment
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Overdue 1-30 days	--	--	--	--	--	--
Overdue 1-3 months	--	--	--	--	--	--
Overdue 3-12 months	--	--	--	--	--	--
Overdue 1-5 years	--	--	--	--	--	--
Overdue more than 5 years	--	92.271	--	--	--	--
Guaranteed part with collaterals etc.	--	92.271	--	--	--	--

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

23.2 Liquidity risk

The residual contractual maturities of the Company's non-derivative financial liabilities as at 31 December 2012 are as follows:

Expected maturity	Carrying value	Total contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	351.330.228	351.670.243	351.670.243	--	--	--
Financial liabilities	147.811.690	148.123.998	148.123.998	--	--	--
Trade payables	203.518.538	203.546.245	203.546.245	--	--	--

The residual contractual maturities of the Company's non-derivative financial liabilities as at 31 December 2011 are as follows:

Expected maturity	Carrying value	Total contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	46.491.283	46.543.218	46.543.218	--	--	--
Financial liabilities	4.941.492	4.993.427	4.993.427	--	--	--
Trade payables	41.549.791	41.549.791	41.549.791	--	--	--

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

	31 December 2012	31 December 2011
Current assets (A)	408.939.215	93.623.680
Current liabilities (B)	353.020.487	49.727.303
Current assets / current liabilities (A/B)	1,16	1,88

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

23.3 Market risk*Foreign currency risk*

As at 31 December 2012, the Company does not have any assets and liabilities in foreign currency (31 December 2011: None).

Fair value sensitivity of equity securities

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

As at 31 December 2012, the effect on income as a result of change in the fair value of equity instruments held as held for trading financial assets traded at Istanbul Stock Exchange Market due to a reasonably possible 10% change in equity indices, with all other variables held constant is TL 632.907 (31 December 2011: None).

Interest rate risk

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

Interest risk position table

	31 December 2012	31 December 2011
Fixed interest rate financial instruments		
	Financial assets at fair value through profit or loss ^(*)	7.718.986
	Time deposits	7.669.293
Financial assets	Receivables from reverse repurchase agreements ^(**)	918.630
	Receivables from SMME	80.000
Trade receivables	Receivables from loan customers	36.761.721
Financial liabilities	147.811.690	4.941.492
Floating interest rate financial instruments		
Financial assets	5.157.160	703.263
Financial liabilities	--	--

^(*) There are no marketable securities with maturity less than three months presented in cash and cash equivalents (31 December 2011: TL 3.984).

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the Financial Statements as at and for the Year Ended 31 December 2012

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

Equity securities are not included in financial investments.

The Company'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 Company, if the interest rate for TL were increased/(decreased) by 1% with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit/loss and the effect on equity for the year ended as at 31 December 2012 and 31 December 2011 would be as follows:

	Profit/(loss)		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2012				
Debt securities	(112.892)	138.306	(112.892)	138.306
31 December 2011				
Debt securities	(8.832)	12.872	(8.832)	12.872

23.4 Capital management

As at 31 December 2012 and 31 December 2011, the Company should have a minimum capital amounting TL 2.087.000 and TL 2.015.000, respectively in accordance with the certificates of authorisation in the scope of Communiqué 34, in order to make portfolio management, investment advisory, reverse repo and repurchase trading, margin trading, short selling, intermediary to public offerings, brokerage for trading at Turkish Derivatives Exchange.

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

a) Non current assets;

1) Tangible assets (net),

2) Intangible assets (net),

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

4) Other non current assets,

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

As at 31 December 2012, capital adequacy base for the Company is TL 60.353.281 (31 December 2011: TL 47.132.583). Base for the capital adequacy liability could not be less than following items.

a) Minimum equity capital corresponding to certificate of authorisation,

b) Risk provision,

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

Halk Yatırım Menkul Değerler Anonim Şirketi

Notes to the 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, capital adequacy base of the Company is higher than all items presented above.

Risk provision

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

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:

	31 December 2012	31 December 2011
Position risk	18.151.135	5.393.308
Counter party risk	7.519.248	24.463
Foreign currency risk	--	--
Concentration risk	--	--
Total	25.670.383	5.417.771

Fair value disclosures

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

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

Classification relevant to fair value information

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

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

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

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

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

Halk Yatırım Menkul Değerler Anonim Şirketi**Notes to the Financial Statements as at and for the Year Ended 31 December 2012**

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

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

	Level 1	Level 2	Level 3	Total ^(*)
31 December 2012				
Financial assets (short term)	51.168.564	--	--	51.168.564
Financial assets (long term)	--	3.630.786	--	3.630.786
	51.168.564	3.630.786	--	54.799.350
31 December 2011				
Financial assets (short term)	8.422.249	--	--	8.422.249
	8.422.249	--	--	8.422.249

There is no marketable securities with maturity less than three months presented in cash and cash equivalents (31 December 2011: TL 3.984).

24 Events after reporting period

With the Board of Directors resolution number 2013/18 and dated 28 February 2013, the Company has decided to increase its paid in capital by TL 9.000.000 from TL 46.000.000 to TL 55.000.000 by transferring from capital reserves TL 55.000.000 to the General Assembly suggestion in the ordinary general assembly meeting.

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