



Corporate Governance Compliance Rating Report



*Vakıf Menkul Kıymetler
Yatırım Ortaklığı A.Ş.*

18 January 2012

Validity Period : 18.01.2012-18.01.2013

LIMITATIONS

This Corporate Governance Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc. (herein after called "KOBIRATE") for Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. (herein after called "Company") is compiled in accordance with the Corporate Governance Principles Compliance Rating Methodology prepared by KOBIRATE on the basis of the Corporate Governance Principles issued by the CMB in 2005, which are approved by the CMB with its letter of 24.04.2009, no. 5347.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc is based on 67 copies of documents, data, files transmitted by the concerned Company electronically, including data open to general public and examinations made by our rating experts on site.

KOBIRATE has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Firms, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which are shared with the public through its Internet website (www.kobirate.com.tr)

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of KOBIRATE formed in accordance with the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose any kind of borrowing instrument. KOBIRATE may not be held liable for any losses incurred or investments made to the company referring to this report.

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**Vakıf Menkul Kıymetler
Yatırım Ortaklığı A.Ş.**

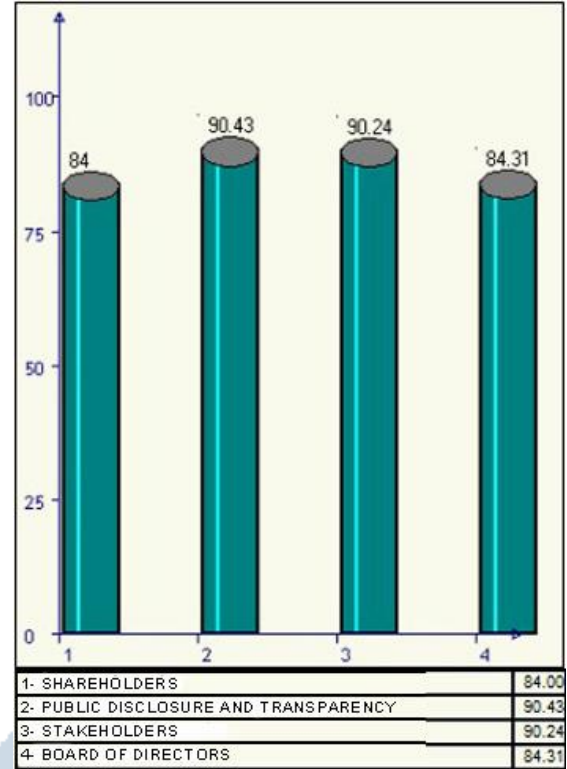
**CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

8.73

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1. REVISED THIRD PERIOD RATING RESULT

At the end of examining relevant documents, interviews held with management and related parties including other reviews, rating compliance of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. with Corporate Governance Principles is revised in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by Kobirate in accordance with Corporate Governance Principles issued and also approved by CMB.

At the end of examining 388 criteria, data and documents under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles

and methodology of Kobirate, the revised Corporate Governance Compliance Rating of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. is **8,73**

This result indicates that the Company has ensured substantial compliance with the Corporate Governance Principles issued by the CMB and that it is entitled to continue to be traded on the ISE's Corporate Governance Index at high level.

By internalizing Corporate Governance Principles in compliance with the mentioned issues within the last year including willingness and steady approach to produce solutions to areas that require improvement of both Board of Directors and top management side has been the biggest factor in achieving the revised note.

This result refers to a substantial compliance of **Vakif Menkul Kıymetler Yatırım Ortaklığı A.Ş.** with CMB's published Corporate Governance Principles. Internal control systems have been established and in force. The risks that may occur within the company are significantly identified and can be controlled. Rights of shareholders are fairly regarded. Public Disclosure and Transparency activities are at high level. Rights of stakeholders are fairly regarded. The structure and working conditions of Board of Directors are in compliance with the Corporate Governance Principles; but although it doesn't pose great risks within the framework of Corporate Governance Principles, some improvements are needed.

2. COMPANY PROFILE AND CHANGES IN LAST YEAR



Name of the Company : Vakıf Menkul Kıymetler Yatırım Ortaklığı Anonim Şirketi
Company Address : Ebulula Mardin Caddesi Park Maya Sitesi F2/A Blok Levent
İstanbul
Company Telephone : (0212) 3523560 (8 Lines)
Company Facsimile : (0212) 3523559
Company Web Site : www.vakifyatirimortakligi.com.tr
Company E-Mail Address : vyo@vakifyatirimortakligi.com.tr

Time of Incorporation : 13.06.1991
Trade Registry Number : 275459-2230741
Scope of Business : To manage portfolio of capital market instruments
Company's Sector : Securities Investment Company

Company Representative for Rating:

A. Sunay Gürsu
Head of Shareholders Relations Department

Shareholding Profile of the Company

Name of Shareholder	Shared Capital TL	Share %
Vakıfbank Pers.Priv.Soc.Sec.Serv.Foundation	2.332.476,40	15,55 %
T. Vakıflar Bankası TAO	1.763.098,40	11,75%
Güneş Sigorta A.Ş.	1.649.999,90	11,00%
T. Vakıflar Bankası TAO Employees Pension and Health Assistance Fund Foundation	1.210.487,74	8,07%
Vakıf Emeklilik A.Ş.	1.199.990,96	8,00%
Other	6.843.946,60	45,63%
TOTAL	15.000.000,00	100,00%

Source : www.kap.gov.tr

Board of Directors

Name	Title
Serdar Tunçbilek	Chairman
Ramazan Gündüz	Vice-Chairman
Rıfki Durgun	Member
Serhad Satoğlu	Member / General Manager
Mehmet Murat	Member

Source : www.kap.gov.tr

The firm operates in the field of Securities Investment business. It is traded in the ISE's Corporate Governance Index since 2009.

Balance Sheet Comparison of Company's Selected Items as of Third Quarters of the Last Two Years

	2010/09	2011/09	(%)
Current Assets	16.005.871	14.424.393	-9,88
Fixed Assets	31.849	94.069	195,35
Total Assets	16.037.720	14.518.462	-9,47
Short Term Liabilities	847.375	171.648	-79,74
Long Term Liabilities	51.342	65.640	27,85
Equity Capital	15.139.003	14.281.174	-5,67

Source : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. Web Site

Comparison of Certain Items in Company's Income Statement as of Third Quarters of the Last Two Years

	2010/09	2011/09	(%)
Sales Revenues	85.810.576	49.383.337	-42,45
Cost of Sales (-)	84.039.478	49.479.914	-41,12
Gross Main Operating P/L	1.771.098	(113.237)	-106,39
Operating Expenses (-)	1.018.363	1.107.211	8,72
Operations Profit/Loss	822.675	(1.220.448)	-248,35
Before Tax Profit/Loss	822.675	(1.221.506)	-248,48
Net Profit/Loss for the Period	819.111	(1.225.637)	-249,63

Source : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. Web Site

Comparison of Company's Certain Financial Ratios as of Third Quarters of the Last Two Years

	2010/09	2011/09
Current Ratio (%)	18,89	84,02
Cash Ratio (%)	15,60	82,28
Net Profitability Ratio (%)	0,01	-0,02
Return on Assets Ratio (%)	0,05	-0,08
Earnings Per Share	0,11	-0,16
Net Profit Growth (%)	-64,00	-249,63
Net Sales Growth (%)	32,58	-42,20
Net Capital Profitability(%)	0,05	-0,09

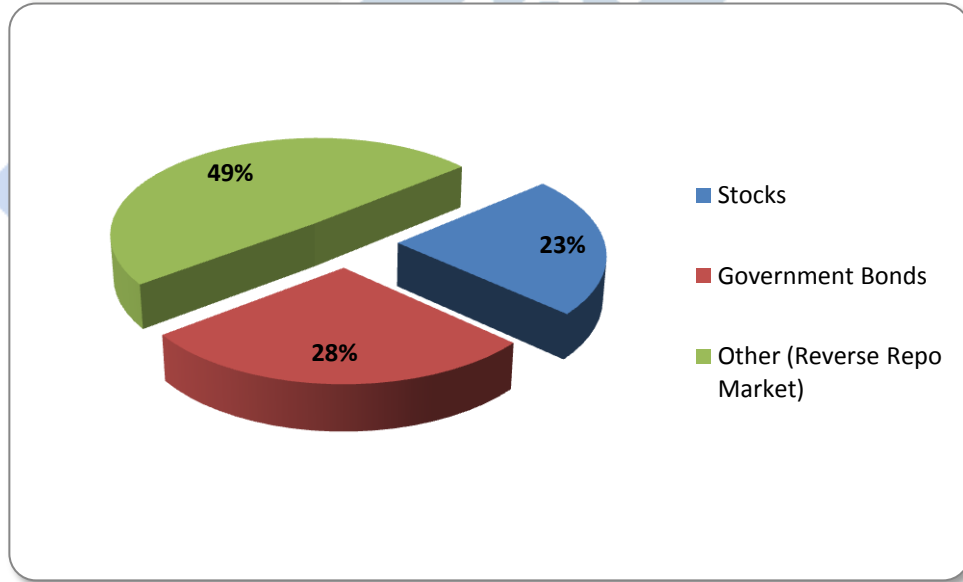
Kaynak : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. Web Sitesi

The Closing Top and Bottom Values of Company Shares in ISE During Last Year Day Ends

Bottom	Top
0.90	2.38

Source : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

Distribution of the Company's Portfolio as of 09.01.2012



Source : www.kap.gov.tr

Changes Experienced Within The Last Year In The Company:

According to the CMB's profit distribution decision No: 02/51 dated 27.01.2010 in respect of 2009, due to absence of disputable profit after deducting previous years losses from 2009 year profit, profit distribution couldn't be done and this issue was submitted to shareholders at the general meeting held on 30.03.2011.

Ramazan CAN, a member of Board of Directors, has resigned as of 10.03.2011. Halim KANATÇI has been appointed instead as of 30.03.2011, he has resigned as of 02.05.2011 and to complete the remaining time and to be approved at the first General Meeting to be held, Mehmet MURAT, an independent member of the Board, has been appointed instead as of 02.05.2011.

According to PDP statement as of 06.04.2011; in accordance with the CMP Communiqué Serial X No: 16 Article 28/A, Serdar TUNÇBİLEK and Halim KANATÇI have been appointed as members of Audit Committee but after resignation of Halim KANATÇI as of 02.05.2011, Mehmet MURAT has been appointed as a member of Audit Committee.

At the same days PDP statement, it was also announced that Ramazan GÜNDÜZ, Rifki DURGUN and A. Sunay GÜRSU were elected as of members of Corporate Governance Committee.

On 27.06.2011, within the context of Business Initiative Direction's (BİD) International Quality Summit Award which was organized for 25 years, Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş., with the evaluation of QC 100 Total Quality Management Criteria, was deemed worthy to "Gold Category Award". In addition, the company was deemed worthy to "The Diamond Eye" reward by Otherways Management Association Club-Paris, based in France in Quality and Excellence areas and the award ceremony was held in Geneva Nov. 28, 2011

On 23.09.2011, according to CMB Communiqué Serial VI, No:30 on "Communiqué on the principles of securities investment trusts" article no 18, Serdar TUNÇBİLEK has been appointed as "Board Member responsible of Internal Control".

With the decision taken at the board meeting dated 27.10.2011, according to the authority given to the Board of Directors with the 11th Article of the Articles of Association;

Within the registered capital ceiling of 50.000.000.- TL, to raise 7.500.000.-TL issued share capital to 15.000.000.- TL with 100% free of charge has been decided, from 4.761634,78 TL Special Reserves (Inflation Adjustment Differences in Equity) and 2.738.365,22 TL Extraordinary Reserves. CMB's 19.12.2011 / 1107 dated and numbered Certificate of Completion of Capital Increase was registered on 26.12.2011 and capital increase processes have been completed.

At the Board of Directors meeting as of 12.01.2012 No: 2; to aim;

- In accordance with the Capital Market Law, established by the Council of Ministers No: 10731 decision and issued in the Official Gazette dated July 23, 2006 no: 26327, as a result of changing the withholding tax rate of income tax over securities investment trusts funds and securities portfolio management gains as "0%" starting from 01.10.2006, having 25% equity security in equity investment portfolio doesn't make any difference in terms of taxing and to reduce portfolio risk, to convert (A) type investment partnership to (B) Type,

- To adopt the regulations of "Communiqué on the principles of securities investment trusts" the CMB Communiqué Serial : VI, No: 30,

- To adopt the regulations of "Determination and implementation of the Communiqué on the principles of corporate governance" the CMB Communiqué Serial: VI, No: 56,

Has determined to amend 2.,3.,5.,6.,9.,10.,11.,12.,13.,14.,15.,16.,17.,18., 19.,21.,22., 24.,26.,28.,29., 34.,35.,38th articles of The Articles of Association and shared this information on 12.01.2012 with PDP announcement.



3. RATING NOTES AND REASONS ON MAIN HEADINGS BASIS

It's seen that Vakif Menkul Kıymetler Yatırım Ortaklığı A.Ş. has reached **84.00** points from **Shareholders** section.

As in the previous period, its understood that, the Investors Relations Unit has fulfilled its tasks efficiently, announcements and preparations related to General Meeting were made timely and appropriate with the legislations and internal regulations, the information document on agenda items were prepared before the meeting, General meeting results were announced to public. It's been determined that, minority shareholders are defined in the articles of association as in CMB criteria, no restriction on voting rights, privileges on voting share of a group and obstacles on the use of proxy voting has been found. A detailed dividend policy has been prepared, announced to public, necessary arrangements on interim dividends has been made in the articles of association. The company doesn't have any difficulties on the transfer of shares.

The General Meeting was held on 30.03.2011 with calls prior 3 weeks. Our specialists have also attended to the meeting and observed that the meeting is made according to legislation and the questions posed to board members and auditors by the shareholders are answered.

An information document has been prepared and published at the company's website 3 weeks prior the meeting date notably. General meeting invitation, meeting minutes, list of attendance, voting method and a sample of proxy voting are published in the company's website.

The most important developments to increase the note in this section are;

- At General Meeting, voting process has been declared before the meeting,

- Information document about the agenda of the General Meeting has been prepared.

The company has reached **90,43** points from **Public Disclosure and Transparency** section.

The company realizes public disclosure operations within the framework of Information Policy which was accepted in the general meeting and disclosed to public. In public disclosure the company website is used as an effective platform and contains up to date information. In the articles of association its clearly indicated that Board members, General Manager and directors can not make any transactions directly or indirectly with the company without an approval of general meeting. At the on site studies no evidence existing in contrast has been found.

The commercial transactions of the company with its parent company and other affiliates are disclosed to public via website and annual reports.

The company's periodic financial statements are prepared in accordance with IFRS and independently audited on a regular basis. Annual reports are prepared with the details mentioned in principles and disclosed to public. Likewise, ethical principles and rules including individuals and organizations that may be subject to insider trading are also disclosed to public via annual reports and website.

The most important developments to increase the note in this section are;

- In accordance with the principle, Opening of a lawsuit in substantial amounts by the company or settlement of a lawsuit opened, developments are timely disclosed to public and shareholders are informed.

- Implementing the communiqués issued by the Regulatory and Supervisory Bodies without delay and without any

warning and reminder; in this context according to the Article 18 of CMB's communiqué Serial VI, No:30 "Communiqué on the Principles of Securities Investment Trust", "Board Member responsible of Internal Control" has been assigned at the same time with the publication of the communiqué and shared with public,

- Additional benefits paid to employees other than salaries in 2011 have been disclosed to public.

The company has reached **90,24** points in **Stakeholders** section.

Many regulations such as Ethical Rules, Operations and Internal Control, Human Resources and Disciplinary has been set forth in order to prevent damages of company assets and sanctions in such situations has been clearly pointed.

Its been understood that the required regulations on employee recruitment, promotion, job description has been set and written while some regulations are being revised to respond up to date conditions.

On 27.06.2011, within the context of Business Initiative Direction's (BID) International Quality Summit Award which was organized for 25 years, Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş., with the evaluation of QC 100 Total Quality Management Criteria, was deemed worthy to "Gold Category Award". In addition, the company was deemed worthy to "The Diamond Eye" reward by Otherways Management Association Club-Paris, based in France in Quality and Excellence areas and the award ceremony was held in Geneva Nov. 28, 2011

The most important developments to increase the note in this section are;

- The company created and implemented a training program for employees which was submitted to the approval of Board of Directors,
- Acting in accordance with the quality standards in stakeholders practices

become one of the leading companies in the sector is a success.

The company reached **84,31** points from **Board of Directors** section.

The company's mission and vision has been set by the Board of Directors and announced to public, Corporate Governance and Audit Committees have been formed within the Board of Directors in order to fulfil duties and responsibilities more healthy. The company created a detailed written regulation to regulate working principles of the Board including responsibilities of the Board members to fulfil their functions, transaction and competition prohibitions with the company, allocation of adequate time for company works. At the last status, Board of Directors consist of (5) members, (2) of them being independent members who have independence declarations. Again, Board members are all non executives except one. Head of committees are elected from independent members. It's seen that committees convened in regular basis and the decisions taken have been reported to the Board of Directors in written. Internal control system has been set forth and it's seen that internal auditor reports to the audit committee in regular basis.

The most important developments to increase the note in this section are;

- Compliance Program to be applied to the Board members which wasn't in written in the previous periods has been converted to a comprehensive written document and submitted to the approval of Board of Directors,
- Committees reporting to the Board have been made more systematic, Studies continuing in a healthy way by means of more often than recommended meetings in the principles. In this context Audit Committee has made 17 and Corporate Governance Committee has made 5 reporting to the Board of Directors in 2011.

4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the management structures of the firms, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

In 1999 the Economic Cooperation and Development Organisation (OECD) approved and published the Corporate Governance Principles at the Meeting of Ministers. Since then, these principles have been regarded as international references for the decision-makers, investors, shareholders and companies throughout the world. In 2002, these principles were revised and updated to reflect the requirements of the present day.

In Turkey, the Capital Market Board (CMB) is carrying out the Corporate Governance studies. The CMB established the Corporate Governance Principles first in 2003, later in 2005, it revised and published the principles. The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

Besides the CMB, by the Directive on Bank's Corporate Governance Principles, promulgated in Official Gazette of 01.11.2006, No: 26333, the Banking Regulation and Supervision Agency (BRSA) introduced the rules required to be complied by Banks.

Kobirate A.Ş. achieves the Corporate Governance Compliance Rating by a system identically based on the Corporate Governance Principles of the CMB (CGPCMB). Through this system, the firms are analyzed under four main headings: Shareholders, Public

Disclosure and Transparency, Stakeholders and the Board of Directors in accordance with CGPCMB.

In this analysis the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

In this analysis, 388 different criteria are considered to measure the compliance of firms whose shares are traded on ISE with the Corporate Governance Principles. Such criteria are translated into the Kobirate A.Ş. unique Corporate Governance Rating Questionnaire and firms' or banks' responses are received electronically. The responses are analyzed and re-examined by the rating experts and analysts and reported with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is an unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

On this context, in order to reach the total grade, the following rates as adopted from Corporate Governance Principles of CMB are applied:

- Shareholders %25
- Public Disclosure and Transparency %35
- Stakeholders %15
- Board of Directors %25

**5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE
KURUMSAL YÖNETİM HİZMETLERİ A. Ş. CORPORATE GOVERNANCE
COMPLIANCE RATING GRADES AND DESCRIPTIONS**

GRADE	DEFINITIONS
9-10	The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognised and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the ISE corporate governance index.
7-8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is obviously eligible for inclusion in the ISE Corporate Governance Index.
6-6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established, and operate, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interest of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the ISE Corporate Governance Index.

GRADE	DEFINITIONS
4–5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not true and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and the stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the ISE Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, Structure and working conditions of the Board appears to be at a level that might cause the investor to incur material losses.</p>