

DECEMBER 2001

Annual Review

A key
player in
capital markets

İş Yatırım was immune to
negative market developments

A strong partner in
international business

Successful results at a time when
volatility and uncertainty peaked



THERE ARE TWO KINDS OF TYPE-B FUNDS:

THAT WITH THE MAXIMUM RETURN AND OTHERS

İş Investment's Type-B Variable Fund has been the mutual fund yielding the maximum return with 131.77% p.a. between January 1 - December 31, 2001.*

İŞ INVESTMENT 
Profit from the experience of a leader

**According to data published in Capital Markets Board bulletins. The rate of return announced for the previous period is not an indication for future periods.*

Did We Have To Pay This High Price?

After experiencing a 9.4% contraction in GNP in 2001, it is every Turkish citizen's right to ask this simple question. Did we have to pay such a high price?

Looking back at the economic developments taking place in Turkey and in the world in the last few years, we believe we had to pay a price. Whether this price should have been that high or whether the sequence of events we had to pass through in 2000 and 2001 could have been avoided need further debate.

Living on debt, or in other words, trying to maintain growth on an ever-increasing debt would sooner or later create problems. Another chronic problem was the high inflation. This was a consequence of the governments' appetite to borrow relatively easily from international sources to fund the cash-hungry inefficient state economic enterprises, which included banks.

The coalition government made a stand-by agreement with the IMF and launched an ambitious economic program in the beginning of 2000 to curb inflation and bring it to one-digit figures by the end of 2002. One of the main parameters of this program was the currency pegging system, which allowed for no excessive liquidity in the markets and controlled FX rates. All worked out well until August 2000 when the first signals of an approaching crisis were received. The liquidity was tightening in the markets and the investment portfolios of banks were excessively loaded with low-interest Treasury securities. Upward tensions accumulated on interest rates and in November the crisis broke. When all banks rushed to sell their holdings of Treasury securities to meet their liquidity requirements there were no buyers in the market. A market maker bank was taken over by the Savings Deposits Insurance Fund of the Central Bank (SDIF) and markets calmed down only after the IMF announced an additional reserve facility credit. With the start of the new year, tensions began accumulating on the FX front. When news broke about an argument between the President and the Prime Minister, banks rushed to buy FX in an effort to close their short positions. The Central Bank was deprived of billions of US dollars within days. Although at every opportunity the government had announced that the program would continue, this was no ordinary situation. In mid-February the government had to abandon the economic program, annulling the benefits incurred that far. The next day, Turkey saw a major devaluation of around 40% in one day.

The crisis first started in the finance industry but soon spread out to include every segment of the economy. It was a time when banks were not willing to extend credits and companies were not willing to take. Unavoidably lay offs started in every business line; the banks being the most affected. Nineteen banks were taken over by the SDIF; some were merged, some closed and a few went to new shareholders.

The end result was a contraction of 9.4% in GNP. This was the most difficult year Turkey has ever experienced since 1945 when the economy had contracted by some 15% during the Second World War. What is most alarming is the GNP contraction rate of 12% in the last quarter of 2001. We hope this trend will not continue.

While these turn of events were taking place in Turkey, the world economies were not in a much better shape. In 2001, the US economy grew by 1.1% but there was serious consideration for a downturn in 2002. The EU economy grew by 1.6% while Japan recorded a negative growth of 0.4%. On the other hand, among the fast track emerging economies, Russia grew by 5% and China by an extraordinary 7.3%.

The September 11th terrorist attacks came at an unfortunate time for the Turkish economy. Thanks to its increased geopolitical importance, Turkey received additional economic support from the IMF, albeit in credits, eliminating worries over the sustainability of its debt dynamics.

Could these adversities have been avoided? No. But the effects could have been softened. We believe there is a lesson to be learned from every incident. Now that we have paid a high price for our blunders in the past, we have had our lesson. We are confident that history will not repeat itself. At least we hope so.

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Executive Management

Özcay Karadağ, General Manager

İlhami Koç, Assistant General Manager

Murat Kural, Corporate Finance - Manager

Yeşim Karayel, Corporate Finance - Assistant Manager

Efsane Çam, Corporate Finance - Assistant Manager

Serhat Gürleyen, Institutional Sales & Research - Manager

Çağlan Yazıcı, Institutional Sales - Assistant Manager

Ufuk Ümit Onbaşı, Domestic Capital Markets - Manager

Meltem Çitci, International Capital Markets - Assistant Manager

Emre İyibilir, Research - Assistant Manager

Nuran Canitez, Assistant General Manager

Elif Sever, Internal Audit - Auditor

Banu Taşkın, Investment Advisory - Manager

Cemile Usta, Investment Advisory - Assistant Manager

Nuran Aydınoglu, Brokerage - Assistant Manager

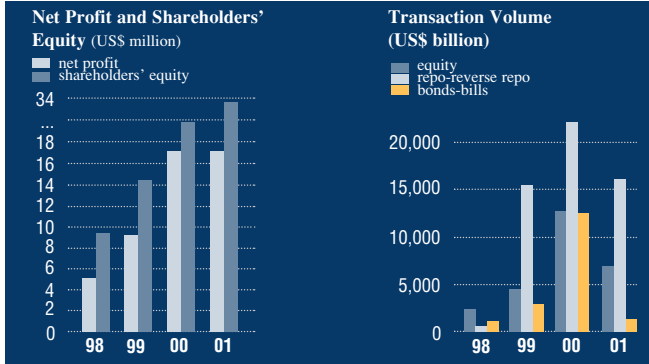
Fatma Karabiyik, Operations - Manager

Metin Hertaşer, Operations - Assistant Manager

Bige Sarıkadılar, Public Relations - Assistant Manager

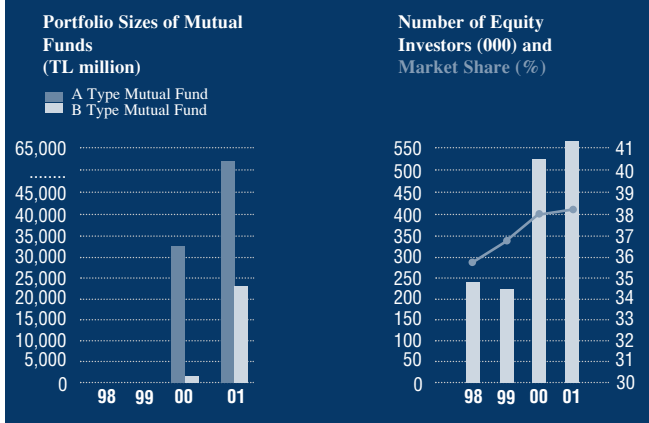
Zeynep Tekten, Human Resources - Assistant Manager

financial highlights



Financial Highlights (TL billions)

Major Balance Sheet Accounts	1999	2000	2001
Marketable Securities	8,677	15,648	35,420
Total Current Assets	13,694	48,124	69,959
Total Assets	13,816	49,753	86,729
Shareholders' Equity	7,816	18,561	42,847
Paid-in Capital	2,500	7,000	17,000



Major Income Statement Accounts	1999	2000	2001
Net Sales	1,735,432	6,890,296	8,351,002
Stocks	446,407	2,068,704	1,856,781
Public Sector Bonds	635,511	3,362,129	2,526,948
Treasury Bills	649,870	1,438,230	3,889,520
Other Marketable Securities	621	6,107	60,897
Commission Income	1,856	7,923	14,619
Other Service Income	1,168	8,201	2,237
Cost of Sales	(1,728,639)	(6,870,035)	(8,311,110)
Operating Expenses	(4,322)	(11,745)	(21,235)
Trading Profit	3,471	8,516	18,657
Operating Profit	7,200	16,097	32,031
Profit Before Taxes	7,325	16,377	34,245
Net Profit	4,892	10,790	22,088

Product and Service Diversity



The product range offered to retail clients includes equities, T-bills, repo, international securities and A and B Type Mutual Funds. Amid the volatile and uncertain investment environment of 2001, the returns of domestic market instruments decreased. Therefore emphasis was placed on the marketing of international securities, thus providing alternatives to clients who prefer savings on a foreign currency basis.

Investment advisory services are offered through full-service brokerage accounts opened at İş Investment's Head Office, Ankara, İzmir and Kalamış branches. Investment advisory services keep the clients up-to-date about market developments, offer them a variety of alternatives according to their risk-return expectations and execute the decisions that are made.

Research products cater to the needs of retail and corporate investors with periodical as well as in-depth analysis reports on companies and industries.

On the Corporate Finance side, services offered to corporate clients include corporate finance services, primarily IPO and SPO projects, consultancy to the Privatization Administration and private sector companies, debt rescheduling, restructuring, mergers and acquisitions and corporate activities.

One recent major M&A project was the merger of Türkiye Sınai Kalkınma Bankası A.Ş. and Sınai Yatırım Bankası A.Ş. where İş Investment acted as the financial advisor to both parties.



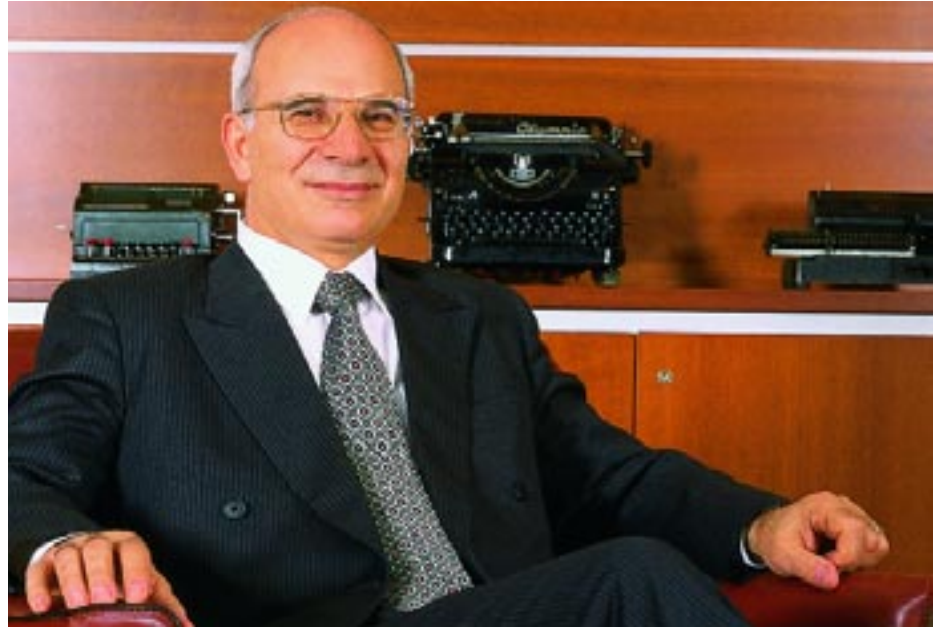
Contributing to the development of capital markets

►► *Yusuf Ziya Toprak*
Chairman

The crisis we had to pass through in 2000 and 2001 directly affected our line of business. While many private sector companies incurred massive losses in 2001, mainly from rising interest and FX rates, production almost halted. A sharp decline in the market capitalization of quoted companies on the Istanbul Stock Exchange was observed and IPOs became infeasible. Economic instability negatively affected the appetite of foreign investors who decreased their trading volume significantly.

I am glad to announce that İş Investment was immune to negative market developments to a high degree and could successfully maintain its profitability as well as its leading position in many segments of the capital markets. With a strong shareholder structure, wide distribution network, highly experienced human resources and customer-oriented service approach, İş Investment succeeded in overcoming the adversities of the market during 2001.

Contributing to the development of capital markets is among our primary goals at İş Investment as well as at İşbank, our parent organization. We have initiated many firsts in the developing capital markets of Turkey and remain fully determined to continue en route to fulfilling our mission. In my



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opinion, Turkey could have alienated the consequences of the recent economic downturn much better if it had far reaching capital markets penetrating into a larger portion of the population.

One of the major strengths of İş Investment in capital market activities, especially in equity brokerage and IPO schemes, has been its extensive customer base. Well-established and IT-driven distribution channels consisting of

İşbank branches in Turkey and İşbank GmbH branches in Europe as well as numerous countrywide ATMs, user-friendly Internet and interactive telephone connections allow customers to access İş Investment services remotely and easily.

We have put together one of the most experienced international capital markets team within a brokerage house in Turkey. İş Investment is a unique

organization that trades international capital market instruments for Turkish investors offering a comprehensive range of investment alternatives with different risk and return profiles, according to investor preferences. Adopting a customer-focused approach, investment advisors at İş Investment assist international institutional and private clients during all stages of the investment process. As it exercises utmost diligence in offering investment recommendations, İş Investment provides guidance for regulatory issues such as taxation, settlement, custody and trading activities.

For the coming years, we have plans to diversify the services provided by our

Corporate Finance Department in order to adapt to market developments, improve our experience and know how in international deals, realize IPOs which are quoted on the international markets and continue to be the market leader in the domestic IPO league. On the research front, we plan to enhance the visibility of our Research Department, both within the company and the industry, expand the research coverage on macro economy and markets and increase our support to short and medium-term trading.

On behalf of the Board of Directors, I would like to thank our hard working people who are relentlessly doing their best to maintain the leadership position

of İş Investment in most trying times. You are our most valued investments. My special thanks are due to our parent İşbank from which we derive our strength, for its continued support and encouragement toward fulfilling our mission of developing capital markets. I would also like to thank our customers and business partners for their on-going confidence to İş Investment.

Yours Sincerely,

Yusuf Ziya Toprak
Chairman

board of directors

Yusuf Ziya Toprak *Chairman*, İbrahim Hızlıkan *Vice Chairman*, H. Ahmet Ergenekon *Member*, Turgay Gümeli *Member*, Ufuk Ersoy *Member*, A. Erdal Aral *Member*, Oya Akıncı *Member*, Özcan Türkakın *General Manager*, Kaan Tokat *Auditor*, Banu Ertürküner *Auditor*.



İş Investment is the uncontested leader in corporate finance deals

wide range of services

İş Investment's corporate finance team performs a wide range of activities, including IPO and SPO projects of public and private sector companies, consultancy in mergers & acquisitions, private placements, venture capital projects, strategic planning and restructuring.

A competent corporate finance team

Ten well-educated and young professionals are employed in the Corporate Finance Department whose ages average 29 years. Eight of them possess MBA degrees while one has a Ph.D. Their business experiences average seven years with senior staff members having over 15 years of presence in corporate finance.

In 2001, the privatization administration decided to offer their shares in petrol ofisi to the public, which represented 42.3% of the TL 50 trillion paid-in capital, through an international offering. İş Investment and Deutsche Bank were appointed as the joint-global co-coordinators in this privatization scheme.

leader in ipo schemes

Year 2001 did not offer favorable conditions for IPO schemes so those projects in the pipeline were deferred to a future date, except one relatively smaller IPO. The year 2000 provided a positive climate and İş Investment realized eight IPOs.

All those IPOs had been very successful and were over subscribed. During 2001, the prices of the stocks previously offered to the public by İş Investment and now traded in the secondary markets were not affected by the negative market conditions.

Comparative performances of the stocks issued under IPO schemes organized by İş Investment and the ISE National-100 Index are presented in the graph on the following page.

The success of İş Investment in IPO schemes lies in its widespread distribution network, after market support, experienced corporate finance team, and the level of teamwork achieved among its operations, research, international capital markets and marketing departments.

privatization of petrol ofisi - turkey's largest network of gas stations

In 2001, the Privatization Administration decided to offer their shares in Petrol Ofisi to the public, which represented 42.3% of the TL 50 trillion paid-in





capital, through an international offering. İş Investment and Deutsche Bank were appointed as the joint-global co-coordinators in this privatization scheme.

Petrol Ofisi undertakes the marketing, distribution and storage of a wide range of refined oil products through the largest distribution and storage network in Turkey.

This offering was scheduled for the fourth quarter of 2001, but postponed to a future date in 2002 due to the uncertainties that came about following the terrorist attacks on September 11 in the USA.

introducing new instruments to capital markets

Under the current conditions of the Turkish economy, it is not feasible for private sector companies to issue debt instruments nor are they profitable for investors.

When favorable economic conditions emerge, İş Investment is planning to be active again in the bond issue market as before. İş Investment had served as one of the most active intermediaries in the bond market between 1990-1994. As part of its pioneering role in the development of

capital markets, İş Investment is planning to be the first to organize the issuance of convertible bonds in Turkey.

premium consultancy

More activities in M&A projects

In 2001, İş Investment has started to dwell upon M&A projects and provided consultancy service to ten companies in finding strategic and financial partners. These companies were mainly operating in foundry, retailing, textiles, convention center management, water products, Internet services and banking sectors.

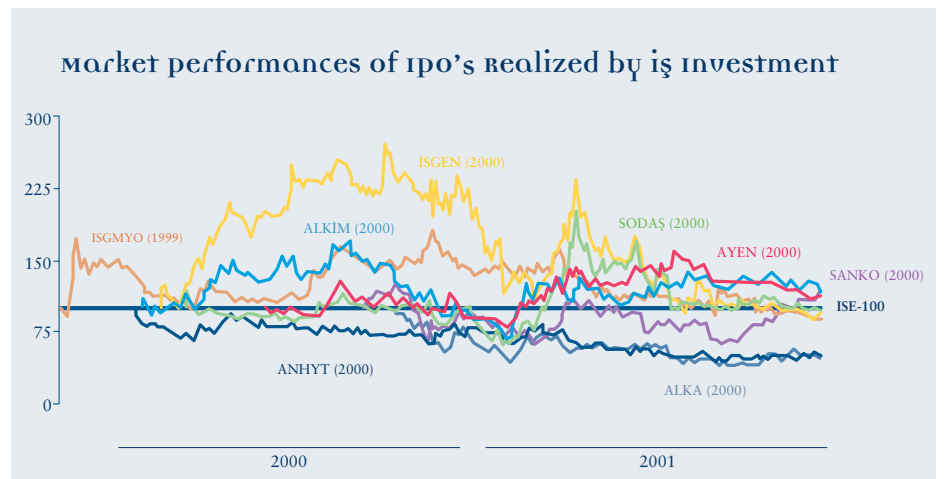
A major undertaking within these ten projects was the acquisition of Sınai

Yatırım Bankası A.Ş. by Türkiye Sınai Kalkınma Bankası A.Ş. Both banks had played important roles in the development of investment banking in Turkey. In 2001, the managements of the banks decided to merge and İş Investment was appointed as the consultant in the process.

Restructuring & Rescheduling

In 2001, İş Investment provided consultancy services in the restructuring of a company, which had ten subsidiaries operating in seven different industries.

Other consultancy work to private sector companies included debt rescheduling and financial advice.



Privatization

During 2001, İş Investment has given consultancy service in six privatization projects.

Three of Sümer Holding companies and five Denizcilik İşletmeleri maritime ports were privatized via sale of operating rights, yielding revenue in excess of US\$ 108 million to the Privatization Administration. İş Investment pioneered in the privatization of the maritime ports through transfer of operating rights.

A Growing Business - Venture Capital / Private Equity

İş Investment provides consultancy to

domestic and international companies, which are in search of funding alternatives from venture capital and private equity companies.

As a pioneer in Turkey, İş Venture Capital was founded by İşbank and İş Investment in 2000. İş Investment has been providing consultancy services to İş Venture Capital since its foundation.

So far, İş Venture Capital has examined numerous projects mostly in the TMT (technology, media and telecom) sector. A number of other projects related to information technology, energy and manufacturing industries have also been



examined by İş Investment's Corporate Finance Department on behalf of İş Venture Capital.

unmatched distribution power

İş Investment capitalizes on the unmatched distribution power consisting of widespread İşbank branches in Turkey and İşbank GmbH branches in Europe. İşbank branches across Turkey serve as agents of İş Investment. In its capital market activities, especially in stock market transactions, IPOs and SPOs, İş Investment can reach a wide customer base through the only integrated and fully automated securities distribution system in Turkey - İşbank's Investment Account System.

İşbank's Investment Account System allows investors to subscribe to IPO and SPO transactions directly through 849 İşbank branches and 2,391 İşbank ATMs around the country and free-of-charge banking services via Internet, Interactive Telephone, Call Center and the recently installed banking kiosks.

Synergy created between 86 retail marketing officers from İşbank and 17 marketing officers from İş Investment plus the ICM Team of four staff members involved in overseas sales, primarily to fund managers, play an active role in IPOs and add value to this immense distribution network.



privatization advisory projects in 2001

Companies

Taksan Machinery Tools INC.

Istanbul Fertilizer Industry INC.

Turkish Agricultural Equipment INC.

Gerede Steel Construction and Equipment

Factory Industry and Trade INC.

Turkish Maritime Enterprises INC.

(including eight maritime ports)

Sümer Holding INC.

(including 17 manufacturing companies)

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Timely information on capital markets

A direct link to domestic and global capital markets

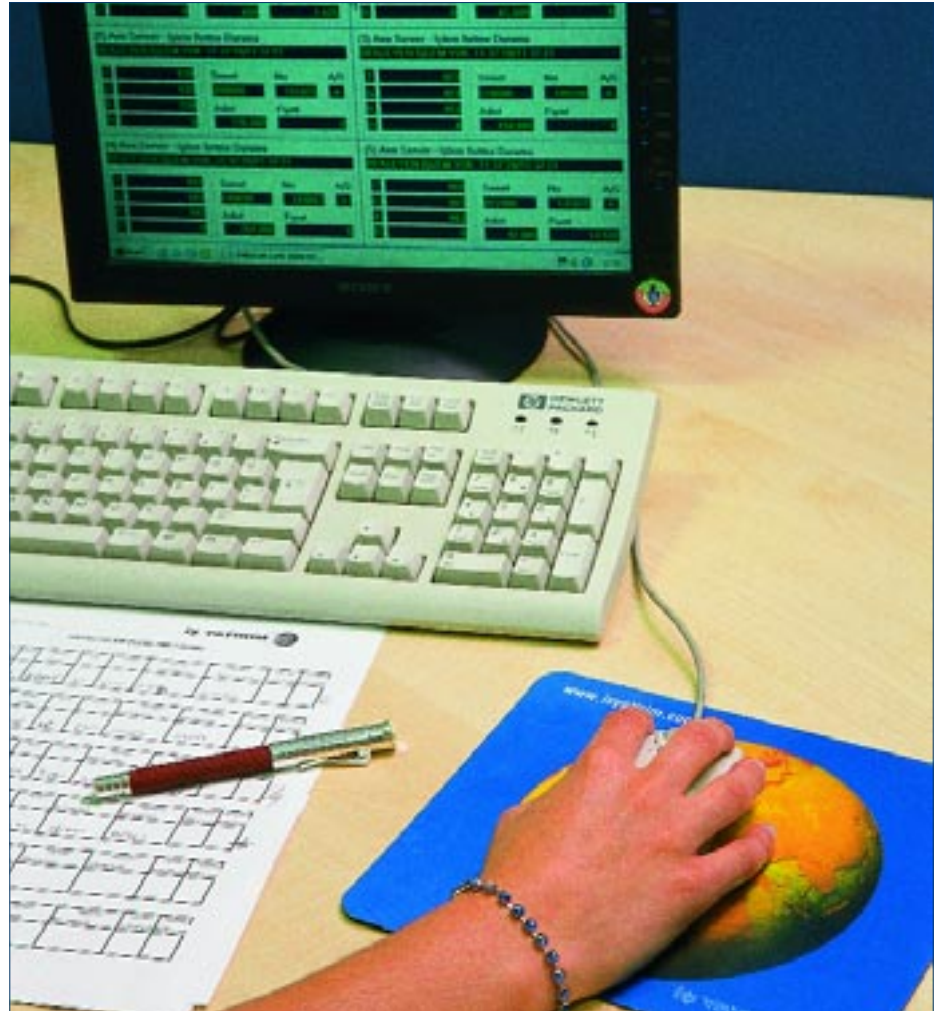
İş Investment has direct links to all domestic capital markets and global equity and fixed income markets. Its Research Department therefore has the advantage of a broader perspective in analyzing and interpreting market developments. Through its well-established and well-equipped Research Department, İş Investment is one of the few financial institutions in Turkey to provide timely information on capital markets.

The department provides a continuously expanding scope of coverage and wide-ranging viewpoints to retail and institutional investors as well as fund managers, both domestic and international.

The Research Department follows ISE-listed companies and industries as well as macro-economic and political developments and publishes reports in both English and Turkish.

The research reports produced by İş Investment are;

- Daily Market Watch
- Monthly Analysis
- Company Reports
- Industry Reports



- Focal Point - Short reports on political, macro-economic and industry developments

The Research Department employs highly educated research analysts, all of whom have been specifically trained to meet the requirements of the Company as well as domestic and international clientele. All are university graduates while several have MBA degrees from reputable universities. They average around 28 in age and three years of business experience.

İş investment is a click away from your desk

İş Investment uses electronic distribution

to enable more rapid and timely dissemination of information, reduce distribution costs and help to build a larger data archive.

All İş Investment research reports and comments can be easily accessed at the

- www.isyatirim.com.tr (Company's website), and
- www.isteyatirim.com.tr (İşbank's financial portal where users may inquire about specific issues).

Targeting at foreign investors, all reports in English are distributed to global information providers through:

- Bloomberg, and
- Internet Securities Inc. (ISI).

Strong willingness to integrate markets is the driving force



Özcan Türkakın

General Manager / İş Investment

Born in 1958, Mr. Türkakın is a graduate of the Faculty of Business Administration, Department of Economics at Bosphorus University in 1981. He obtained an MA degree from the same faculty in 1983. He joined İşbank's Economic Research Department in 1988 and was promoted to the Capital Markets Department in 1995 as group manager. He was appointed as the general manager of the then newly established İş Investment in 1996.

Q: *We have just gotten through some rather difficult times. Do you think there will be more crises in the future?*

A: I do not think we will have further crises in the future. As the saying goes, "we have learned our lessons."

The economy had been under stress since the beginning of 2000 when Turkey began implementation of the IMF-supported anti-inflation program. One of the most important features of this program was the currency pegging system that kept FX rates under control. Another parameter controlled the monetary supply and allowed for no excess liquidity in the markets. While these monetary measures were applied effectively, other issues that required political consent could not be implemented with equal success. These were reforms in the banking

sector and the redefining of the state's role in economic affairs.

The successive crises in November 2000 and February 2001 taught us that economics should undoubtedly be separated from politics. The reasons for these major blows on the economy stemmed from long-years of neglect in this regard. I believe that now is the time to re-think the existence of state-controlled economic enterprises, including banks, and privatize them without losing any more time.

Another lesson we must have learned is that building confidence in markets takes lots of time, sweat and tears but pulling it down can take only a minute. This is what happened when the government declared that the currency pegging system was no longer sustainable and put a floating rate system in

into world



guaranteed deposits that eventually led to inefficient and under-capitalized banks to operate - causing unfair competition. There weren't sufficient economic and regulatory incentives for companies to go public. Volatility and uncertainty prevented ordinary people from becoming investors in the Stock Exchange.

Things are getting better now. As the economy stabilizes, inflation reduces, volatility and uncertainty are removed and confidence is re-established, the banking sector, both investment and commercial banks, will be back in business. An upward trend will be observed in the Stock Exchange as new financial instruments will be issued and new companies go public.

The economy is very dynamic. Strong willingness to integrate into world markets is the driving force. These favorable developments will not take long and I am optimistic - especially for 2003. Next year will be a transition period from rough terrain to a smooth highway toward economic prosperity.

Q: How do you position İş Investment in the future of capital markets in Turkey?

A: Well, I should say that İş Investment will not only be active in domestic markets in the future but also be a leading investment bank in the region. I'll answer this question from a wider perspective for İş Investment.

I believe the infancy stage of the capital markets in Turkey is coming to an end. When compared to emerging capital markets in close geographical proximity to Turkey, we can see that we have come a long way toward establishing well-functioning,

transparent and safe markets for domestic as well as for international investors. The Istanbul Stock Exchange, incorporating a highly technological infrastructure, is able to handle remote online trading and a Custody and Settlement Bank is well-equipped to handle custody of dematerialized securities. Both of these institutions have received international acknowledgements as eligible capital market institutions from international authorities.

Corporate finance activities will intensify during the restructuring process of the Turkish economy as corporations seek qualified financial advisors to help reorganize and function more efficiently. Mergers and acquisitions in the corporate world have already started moving ahead at full speed.

Equity and fixed income trading volume will increase to highest levels within shortly attracting larger numbers of foreign investors compared to only a handful of foreign investors in Turkish capital markets at present. As pension funds grow in Turkey, domestic institutional investors will emerge and drive the markets. Asset management services will enhance and their customers will include many Turkish companies.

Our operational and financial results were very positive considering the difficulties the economy experienced during 2001. This past year has proven once more the strengths we possess. Year 2002 will be a period of preparation for the future. We have all the means and tools to become a foremost player in the capital markets - not only in Turkey but also internationally - creating a benchmark to be followed by other investment banks and brokerage houses within the region.

its place. We are still trying to restore investor confidence in markets even now after almost a year.

Now that we have the strong backing of the IMF and other international financial institutions, the road ahead of Turkey is crystal clear.

Q: Can you give us your vision of Turkey's capital markets in the near future?

A: In order to have an efficient capital market environment there are certain conditions that must be met. High inflation distorted all economic rules for many years and created a monster that we are trying to deal with now. The markets allowed for no financial instruments other than Turkish Treasury securities, which were of a very short-term nature. The government

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İş Investment - A strong partner in international business

İş investment offers its international clients a comprehensive array of investment choices with a range of risk and return profiles, according to investor preferences by utilizing not only cash market products, but also structured products.

flight to quality: from emerging markets to G7 bonds

2001 was a difficult year for international capital markets. The economic slowdown in developed countries and the burst of stock market bubble caused serious financing difficulties for emerging market countries. The crises, which intensified in two major countries, Argentina and Turkey, increased volatility and uncertainty in global markets. Moreover, September 11th terrorist attacks led to widespread risk aversion and an important sell-off in the marketplace. Despite the turbulent markets, new issuance held up well and credit quality remained stable excluding Argentina and Turkey. Most of the trading volume in emerging markets was realized in the second half of the year largely on Russian eurobonds followed by Brazil, Mexico and Turkey.

As the challenging risk conditions in international markets generated interest for G7 corporate and sovereign bond markets, İş Investment's trading volume in G7 country debt markets increased six-fold to US\$ 1.2 billion in 2001, while the emerging markets' trading volume decreased by half to US\$ 1.66 billion from US\$ 3.8 billion.

İş Investment uniquely differs from other investment houses in Turkey with its strong presence in international capital markets and an outstanding trading volume in international securities thanks to its dedicated and experienced team, strong institutional and private client base and international counterparty network. While İş Investment's strength in



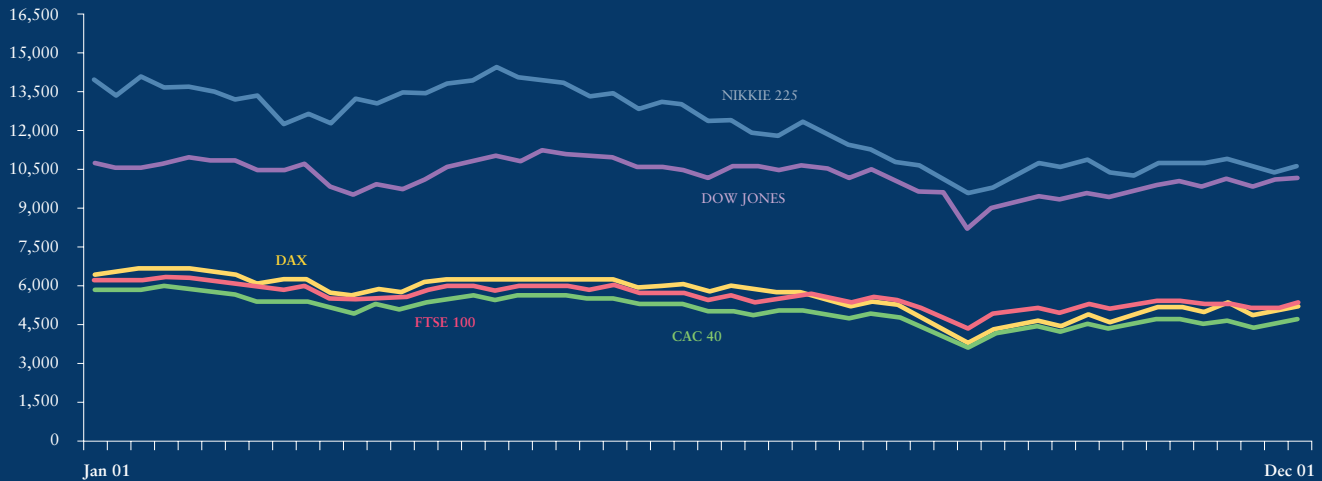
international debt markets lies in the emerging countries' sovereign and corporate eurobonds, it is also active in G7 bond markets.

Supported by its strong counterparty network, operational setup and high technology, İş Investment also offers worldwide equity market brokerage services to its clients. It aims increasing its integration into international capital markets by diversifying the range of products it offers to the clients in the coming years.

growing trade of international instruments

The strength of İş Investment is particularly noticeable in Eurobond markets, issued by the Turkish Treasury and Turkish companies such as Turkcell, Vestel, Garanti Bank, Yapı Kredi Bank and Turkish Eximbank. İş Investment is quite active in other emerging markets sovereign Eurobonds (Brazil, Russia, Venezuela, Mexico, Egypt, and others) as well as corporate bonds such as Gazprom,

world indices



Vimplecom and City of Moscow (Russia) and Cemex and Pemex (Mexico). İş Investment is the only investment house in Turkey with increasing trading volume in the international fixed income and global equity markets (G-7, Australia, Switzerland, Canada and other emerging markets).

Additional assets of İş Investment are the

strong institutional and private client bases trading and investing in international markets.

Local banks were the main buyers of Turkish Eurobonds when faced with diminishing yields in Turkish lira Treasury securities and the need to maintaining a balanced portfolio of TL and FX denominated instruments.

İş Investment - The choice of international investors

By adopting a client-focused approach, dedicated investment advisors assist international institutions during all stages of the investment process. In a continuously changing environment and expanding market, every member of the team is aware that providing foreign institutional investors with timely updates and in-depth knowledge of Turkish markets is the key factor for success. With a diligent and thorough approach in offering investment decisions, İş Investment provides guidance for regulatory issues such as taxation, settlement, custody and trading activities. These services are executed in a timely manner by client directed orders with prompt market updates. İş Investment is a widely trusted, capable and risk-averse financial institution in Turkey and a strong partner in all types of capital market transactions.

Although no IPOs were realized in Turkey during 2001 due to unfavorable economic conditions, İş Investment has always been an IPO leader. IPOs led by İş Investment are usually over-subscribed by foreign investors.

international instruments traded

(US\$ MILLION)

	2000	2001
Equity	41	67
Fixed Income	4,070	3,178

trading on behalf of foreign investors

(US\$ THOUSAND)

	2001
Equity	140,701
Repo	6,727,384
Bonds	12,612

trading volume of international instruments

Fixed Income	US\$ 3,178 million
Turkish Eurobonds	US\$ 1,848 million
Turkish Corporate Bonds	US\$ 38 million
Latin American Bonds and Others	US\$ 62 million
G7 Country Bonds	US\$ 1,230 million
Equity	US\$ 67 million

İş Investment uses a wide range of counter-parties all across Europe, Far East and the USA. It is one of the few investment houses in Turkey that can offer services to its clients during US time zone for Latin American Bonds, US debt instruments and equity markets trading. İş Investment utilizes the latest technology on the trading floor enabling timely trade execution in international markets even through electronic trading platforms.

With one of the most experienced international capital market teams in a brokerage house in Turkey, İş Investment, a member of ISMA-International Securities Market Association, is a unique institution trading international capital market instruments for global investors. İş Investment offers a comprehensive array of investment alternatives with different risk and return profiles, according to investor preferences by utilizing not only the cash market products, but also structured products.

Successful results at a time when volatility peaked

Favorable trading results in an unfavorable market

Year 2001 has been a very hectic year for fund managers. Nevertheless adversities may mean opportunities for profit and this was actually what İş Investment saw. Following the devaluation in February, trading risks were taken on high interest yielding Treasury securities and high profits were posted. Clients' interests were prioritized during the crisis and rather attractive returns were obtained on client accounts.

Although 2001 was a very difficult year for the Turkish economy when a major devaluation took place, investors succeeded in increasing their net worth in FX terms. At the beginning of the year, 30-days deposits and Treasury securities were the main instruments where investors were led to invest. Following the devaluation in February, term repo became a more attractive instrument.

TRADING RESULTS (TL million)

	2000	2001	Change (%)
ISE Stock Market	8,117,992,017	8,899,909,897	9.63%
ISE Repo/Reverse Repo Market	14,830,605,901	23,198,793,835	56.43%
ISE Bonds and Bills Market	7,969,421,664	3,228,783,911	(59.49)%
Takasbank Money Market	991,746,995	2,864,846,000	188.87%

PORTFOLIO SIZES OF MUTUAL FUNDS (TL million)

	2000	2001	Change (%)
A Type Mutual Fund	33,368,908	61,927,181	85.58%
B Type Mutual Fund	2,268,199	23,640,782	942.27%

Looking back at results, it has been a rather successful year for İş Investment when high returns were obtained for its clients' portfolios at a time when volatility and uncertainty peaked. Only calculated risks were taken in equity positions during the year. Nevertheless

rather favorable trading profits were earned. The value of the portfolio investments were not only maintained but also gained value during this past year.

İş Investment Banks At the top again

İş Investment maintained its leadership status in many market segments during 2001, irrespective of the difficult conditions the economy faced.

ISE Stock Market

İş Investment's rank in the ISE Stock Market was elevated from fourth to second place in 2001, compared to the previous year, while its market share increased from 3.7% to 4.8%. İş Investment achieved a 10% volume increase in 2001 to reach US\$ 7 billion in a market where almost all brokerage houses faced decreases.





ISE Bonds and Bills Market Outright Purchases and Sales Market

İş Investment ranked as the number one brokerage house in terms of trading volume in the ISE Bonds and Bills Market in 2001. Although there was a 73% decrease compared to the previous year, İş Investment maintained its leading position in the market with US\$ 1,652 million in trading and a 12.6% market share. The second largest brokerage house had a market share of 9.9%.

When all market members are taken into account, İş Investment ranked in the seventh place with a market share of 2.8% following large-scale banks. Its rank was 12th and market share 2.4% in the previous year.

ISE Repo-Reverse Repo Market

İş Investment went down one step to the fourth place in the ISE Repo-Reverse Repo Market in 2001. With a trading volume of US\$ 15,793 million, up 46% from the previous year, İş Investment had a market share of 5.5%.

When all market participants are taken into account, İş Investment's rank was

14th in 2001 with a market share of 1.5%. Its rank was 13th in the previous year with a 1.3% market share.

outstanding results for iş investment mutual funds

Mutual funds provide access to professional investment management while at the same time providing significant tax advantages and offering investors different risk and return compositions. İş Investment sees mutual funds as a growing business and plans to further boost its market lead in this area.

Currently, there are two İş Investment Mutual Funds in addition to the thirteen mutual funds operated by İşbank. The management of İşbank mutual funds has been subcontracted to İş Asset Management, which started business at the beginning of the year with a total asset value of US\$ 600 million under management that was

taken over from İş Investment. İş Investment has a 20% stake in the capital of İş Asset Management.

By the end of the year, İş Investment's A Type mutual fund reached a net asset size of US\$ 47.1 million and B Type US\$ 18.2 million.

- İş Investment's rank in the ISE Stock Market was elevated from fourth to second place in 2001, compared to the previous year, while its market share increased from 3.7% to 4.8%.

İş Investment B Type Mutual Fund ranked in the first place among all Type B variable mutual funds in terms of yield in 2001 with a 131.77% rate of return, surpassing its nearest





- İş Investment, capitalizing on the strengths of its parent İşbank, has a strong presence in Turkey's capital markets.

competitor by a large margin. Taking into account of all mutual funds in the marketplace irrespective of their type, İş Investment B Type Fund ranked in the third place.

İş Investment A Type Mutual Fund ranked 13th among all A Type funds with a yield of 91.20%.

Targets for the coming year include elevating the ranking of the A Type Fund and placing it among the top 15

funds in terms of yield while maintaining the ranking of the B Type Fund.

Advisory service portfolio tops TL 401 trillion

While all İşbank branches offer brokerage services as İş Investment agents, the Company offers investment advisory services through full-service brokerage accounts opened at its Head Office, Ankara, İzmir and Kalamış branches. As the number of clients receiving investment advisory services rose to 2,163 from 1,754, the portfolio volume grew from TL 288 trillion in 2000 to TL 401 trillion in 2001.

Investment advisory services keep the clients up-to-date about market developments, offer them a variety of

alternatives according to their risk-return expectations and execute the decisions that are made.

The product range offered to clients includes equities, T-bills, repo, international securities and A and B Type Mutual Funds. In the volatile and uncertain environment of 2001, emphasis was placed on the marketing of Turkish Treasury Eurobonds as well as other investment grade international securities, thus providing alternative instruments to clients who prefer investing on a foreign currency basis.

Target clientele for the advisory services are those private and institutional investors with a minimum of TL 100 billion in portfolio investments.

strong market presence through a strong co- operation with işbank

İşbank was the first bank to initiate an investment department in the Turkish banking industry in 1974.

Long before the capital markets became active in the country, there was a Capital Markets Department at İşbank. Prior to the revitalization of the Istanbul Stock Exchange in 1985, this Department acted as a pioneer for many investment banking products as well as a market maker for the limited amount of Turkish equities in circulation at that time.

Small and medium-scale investors receive services from İşbank. Eight hundred and forty-nine branch offices of İşbank, located in industrial, commercial and residential centers throughout Turkey, act as agents for İş Investment. The Company takes full advantage of this vast distribution network that includes the branches, 2,391 ATMs, Internet and interactive

more than 500,000 active equity accounts and representing about 40% of all such accounts in the country.

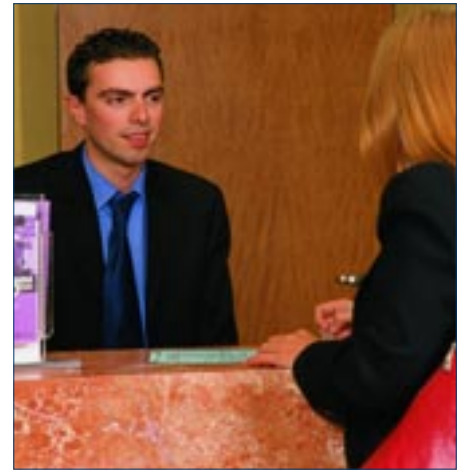
Online trading started as an initiative of İşbank and İş Investment provides the necessary support for the running of the investor-specific trading website at isteyatirim.com.tr.

İş Investment, capitalizing on the strengths of its parent İşbank, has a strong presence in Turkey's capital markets.

branches report favorable results

At the end of 2001, İş Investment's Ankara, Izmir and Kalamış Branches reported favorable trading volume despite the general downward trend in capital market transactions.

The trading volume of the Ankara Branch was US\$ 1.5 billion for equities and fixed income securities. The Izmir Branch achieved a total trading volume

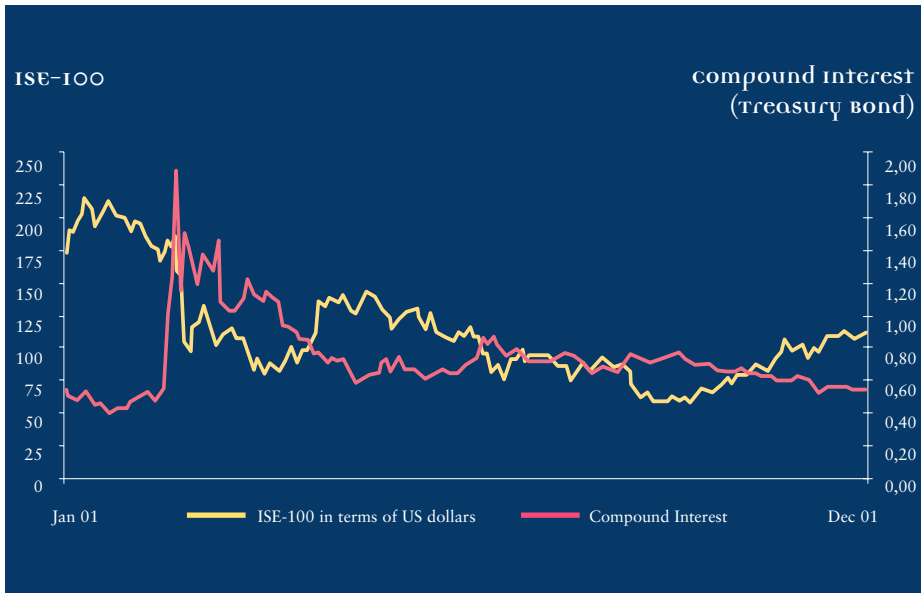


- Small and medium-scale investors receive services from widespread İşbank branches.

portfolio size of the branches stood at US\$ 73 million for equities and fixed income instruments at the end of the year.

At İş Investment branches, investment advisory services are delivered for all investment instruments, both domestic and international. Investment professionals inform their clients of current market trends, recommend alternative portfolio compositions that match with their risk-return expectations and execute transactions according to their decisions.

A staff of 13 investment advisors is on duty at the Ankara Branch, 13 at the Izmir Branch and 11 at the Kalamış Branch.



telephone systems. As a result of this efficient distribution network, technical capabilities and the quality of on-line trading, İşbank investment accounts have gained the largest client base with

of US\$ 1.7 billion and the Kalamış Branch US\$ 431 million for equities and fixed income securities. All branches' trading volumes were above the previous year's results. The total

Turning personal success into team spirit

A Growing team of investment professionals

The number of staff at İş Investment increased from 154 to 176 by the end of 2001. Of this total, 139 staff members work at the Head Office; 37 are employed at the branches.

İş Investment prides itself on the quality of its human resources. Employees holding a university degree make up 86% of the total staff and 68% are fluent in at least one foreign language. Approximately one quarter of the staff has gained experience in the Capital Markets Department of İşbank. New recruits are chosen from among recent graduates or capital market experts; the average age of the staff, including managerial positions, is below 30.

Number of staff

	2001	2000
Head Office	139	119
Branches	37	35
Total staff	176	154

Human Resources - The most important investment

Investing in its human resources is one of the key policy issues at İş Investment. This investment is in the form of providing career development opportunities, self-assurance, clear measurable objectives and a competitive salary scheme to all İş Investment employees. The low personnel turnover rate and the increasing number of new job applications demonstrate the effectiveness of İş Investment's human resources policies.

Investing in its human resources is one of the key policy issues at İş Investment. This investment is in the form of providing career development opportunities, self-assurance, clear measurable objectives and a competitive salary scheme to all İş Investment employees.

educational level of the staff

	2001	Percent in Total
Ph.D. and MBA Degrees	22	13%
Bachelor Degrees	128	73%
Other	26	14%
Fluent in one foreign language	119	68%
Fluent in two foreign languages	10	6%



A competence based performance evaluation system is practiced at İş Investment. This system, performed twice every year, entails the evaluation of all personnel against objective criteria and measurable objectives by their superiors in an open manner through face-to-face interviews. These criteria involve the evaluation of job performance, personal talents and capabilities, work behavior and management skills and directly relate to promotions and salary increases.

Other policy elements guiding İş Investment's human resources are;

- creating a fair and pleasant work environment,
- employing people who can adapt to a fast changing work environment and capable of turning personal success into team spirit,
- organizing training programs to specialize deeply in capital market activities without neglecting personal development.

For the coming year, the Human Resources Department is planning to increase the frequency of the training programs, implement a revision on the Performance Evaluation System and the Career Development System.



training is the route to success

Training is an on-going process at İş Investment.

Recruitment policies dictate only the employment of highly qualified staff while aiming to develop their talents and professional knowledge through training programs. İş Investment regards training as one of the most essential elements for success in a high-paced and competitive capital market environment.

Training programs at İş Investment are organized under three headings: Orientation, specialization/development and management. Every newly recruited personnel have to undergo basic training



relating to capital markets and his or her job requirements. Then he or she has to attend more specialized programs that are stipulated under his or her career development plan.

Training programs are usually provided by professional institutions and the Istanbul Stock Exchange. At times and when required, employees attend special training programs abroad.

With the increase in the number of personnel, the number of training programs also rose in 2001. During the year, for a total of 255 participants 74 programs were organized. On average, an employee received four days or 24 hours of training during 2001.



Fault-free and swift operations in a dynamic environment

Reaching the markets in three minutes

İş Investment has launched a superb service to equity investors on its website whereby stock market information is displayed on their screens with a three-minute delay only. Additionally, they may follow their portfolio value minute-by-minute as trading is conducted and receive their account statements daily.

During the year, the Internet accessibility by all staff members at İş Investment has also been enhanced. All required firewalls are established and all incoming e-mails are automatically checked for viruses.

İş Investment has become self-sufficient in IT

Apart from manufacturing the hardware, İş Investment has become totally self-sufficient in IT. Within the IT Department at İş Investment there are two units: Software Development and System Support & Management. These two units combine their efforts to make the Company independent of external IT service providers, except for hardware and package software purchases and maintenance.



The state-of-the-art investment banking program currently at development phase is a good example of the IT Department's capability in making İş Investment operate swiftly and fault-free in a most dynamic capital market environment.

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Some of the package software products used at İş Investment include Windows 2000, Microsoft Office XP and Finbase. Data services are obtained on a subscription basis from Reuters, Euroline, Foreks and Bloomberg.

HP computers, both PCs and servers, make up the main system's backbone. Cisco switch and routers are used in LAN and WAN network connections. Branches are connected among themselves and to the head office through frame relay and DXX leased line links.

iř yatırım menkul deęerler A.ř.

Financial Statements

for the Year Ended December 31, 2001

Translated into English from the Original Turkish Report

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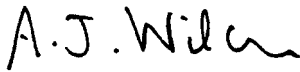
İŞ YATIRIM MENKUL DEĞERLER A.Ş.

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2001

1. We have examined the attached balance sheet of İş Yatırım Menkul Değerler A.Ş. "the Company" as of December 31, 2001, and the related statement of income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
2. In our opinion, the attached financial statements present fairly the financial position of the Company as at December 31, 2001, and the results of its operations for the year then ended, in conformity with legislation and generally accepted accounting principles (see Balance Sheet Note 11) as published by the Turkish Capital Markets Board, applied on a consistent basis.
3. The accompanying financial statements are not intended to present the financial positions and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Turkey. The standards, procedures and practices to audit the accompanying financial statements are those generally accepted and applied in Turkey.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member Firm of **DELOITTE TOUCHE TOHMATSU**



Anthony J. WILSON
Partner

İstanbul, January 28, 2002

Detailed Balance Sheet as of December 31, 2001

(TL Million)

	31 DECEMBER 2001	31 DECEMBER 2000
ASSETS		
I- CURRENT ASSETS	69,958,785	48,124,311
A- Liquid Assets	226,373	1,789,031
1- Cash	0	8
2- Banks	226,373	1,789,023
3- Other Liquid Assets	0	0
B- Marketable Securities	35,419,817	15,648,492
1- Share Certificates	4,608,440	0
2- Private Sector Bonds	359,790	0
3- Government Sector Bonds	30,602,955	5,469,542
4- Other Marketable Securities	0	10,178,950
5- Provision for Diminution in Value of Securities Portfolio (-)	(151,368)	0
C- Short-Term Trade Receivables	25,279,642	26,528,294
1- Trade Receivables	8,530,611	6,416,279
2- Notes Receivable	0	0
3- Deposits and Guarantees Given	0	15
4- Other Short-Term Trade Receivables	16,749,031	20,112,000
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
D- Other Short-Term Receivables	614,522	1,183,490
1- From Shareholders	0	0
2- From Affiliates	0	0
3- From Subsidiaries	0	0
4- Other Short-Term Receivables	614,522	1,183,490
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
E- Inventories	0	0
F- Other Current Assets	8,418,431	2,975,004
II- LONG-TERM ASSETS	16,769,960	1,628,967
A- Long-Term Trade Receivables	0	0
B- Other Long-Term Receivables	75,635	33,171
C- Long-Term Financial Assets	14,941,143	1,204,500
1- Long-Term Marketable Securities	13,722,726	0
2- Provisions for Diminution in Value of Long-Term Marketable Securities (-)	0	0
3- Affiliates	1,200,000	1,200,000
4- Capital Commitments for Affiliates (-)	0	0
5- Provision for Diminution in Value of Affiliates (-)	0	0
6- Subsidiaries	0	0
7- Capital Commitments for Subsidiaries (-)	0	0
8- Provision for Diminution in Value of Subsidiaries (-)	0	0
9- Other Long-Term Financial Assets	18,417	4,500
D- Tangible Fixed Assets	728,156	194,817
1- Land	0	0
2- Land Improvements	0	0
3- Buildings	0	0
4- Machinery and Equipment	870,784	202,046
5- Motor Vehicles	75,604	49,349
6- Furniture and Fixtures	113,148	21,485
7- Other Tangible Fixed Assets	0	0
8- Accumulated Depreciation (-)	(331,380)	(78,063)
9- Construction in Progress	0	0
10- Order Advances Given	0	0
E- Intangible Fixed Assets (Net)	1,025,026	196,479
1- Establishment Costs	0	0
2- Rights	141,818	0
3- Research and Development Costs	0	0
4- Other Intangible Fixed Assets	883,208	196,479
5- Advances Given	0	0
F- Other Long-Term Assets	0	0
TOTAL ASSETS	86,728,745	49,753,278

31 DECEMBER 2001

31 DECEMBER 2000

LIABILITIES & SHAREHOLDERS' EQUITY**I- SHORT-TERM LIABILITIES****43,498,477****31,024,386**

A- Borrowings		5,207,844		450,000
1- Bank Loans		5,207,844		450,000
2- Current Instalments and Interest of Long-Term Loans		0		0
3- Bond Principal and Interest		0		0
4- Bonds and Bills Issued		0		0
5- Other Financial Liabilities		0		0
B- Trade Payables		24,818,601		24,423,707
1- Suppliers		0		0
2- Notes Payable		0		0
3- Deposits & Guarantees Received		0		0
4- Other Trade Payables		24,818,601		24,423,707
5- Discount on Payables (-)		0		0
C- Other Short-Term Liabilities		1,142,741		563,924
1- Payable To Shareholders		0		0
2- Payable To Affiliates		0		0
3- Payable To Subsidiaries		0		0
4- Accrued Expenses		0		0
5- Taxes and Other Deductions Payable		252,715		488,240
6- Deferred Payables to Government		0		0
7- Other Short-Term Liabilities		890,026		75,684
8- Discount of Payables (-)		0		0
D- Order Advances Received		0		0
E- Provisions		12,329,291		5,586,755
1- Tax Provisions		12,157,204		5,586,755
2- Other Payable and Expense Provisions		172,087		0

II- LONG-TERM LIABILITIES**383,329****166,898**

A- Borrowings		0		0
B- Trade Payables		0		0
C- Other Long-Term Payables		0		0
D- Order Advances Received		0		0
E- Provisions		383,329		166,898
1- Retirement Pay Provision		368,994		166,898
2- Other Payable and Expense Provisions		14,335		0

III- SHAREHOLDERS' EQUITY**42,846,939****18,561,994**

A- Capital		17,000,000		7,000,000
B- Capital Commitments (-)		0		0
C- Share Premium		0		0
D- Revaluation Reserve		2,223,198		26,297
1- Revaluation Reserve of Tangible Fixed Assets		234,301		26,297
2- Revaluation Reserve of Equity Participations		0		0
3- Value Increase on Stock Exchange		1,988,897		0
E- Reserves		1,535,697		745,408
1- Legal Reserves		1,318,007		499,154
2- Statutory Reserves		0		0
3- Special Reserves		0		0
4- Extraordinary Reserves		217,690		246,254
5- Cost Increase Fund		0		0
6- Gain on Sale of Fixed Assets and Participations which will be Incorporated as Capital		0		0
7- Prior Year Income		0		0
F- Net Income For the Period		22,088,044		10,790,289

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY**86,728,745****49,753,278**

Detailed Statement of Income for the Year Ended December 31, 2001

(TL Million)

	31 DECEMBER 2001	31 DECEMBER 2000
A- GROSS SALES	8,351,002,091	6,890,296,962
1- Sales of Share Certificates	1,856,780,774	2,067,704,430
2- Sales of Private Sector Bonds	0	0
3- Sales of Commercial Papers	0	0
4- Sales of Other Private Sector Bonds	3,888,508	0
5- Sales of Government Bonds	2,526,948,499	3,362,129,934
6- Sales of Treasury Bills	3,889,519,799	1,438,230,602
7- Sales of Other Public Sector Bonds	0	0
8- Sales of Other Marketable Securities	57,008,873	6,107,614
9- Brokerage Commission Income	14,618,838	7,923,032
10- Other Services Given	2,236,800	8,201,350
B- SALES DEDUCTIONS (-)	0	0
C- NET SALES	8,351,002,091	6,890,296,962
D- COST OF SALES (-)	(8,311,109,882)	(6,870,035,180)
GROSS PROFIT	39,892,209	20,261,782
E- OPERATING EXPENSES (-)	(21,235,237)	(11,745,928)
1- Research & Development Expenses (-)	0	0
2- Marketing, Selling & Distribution Expenses (-)	(9,391,149)	(4,394,302)
3- General Administrative Expenses (-)	(11,844,088)	(7,351,626)
TRADING PROFIT	18,656,972	8,515,854
F- INCOME & PROFIT FROM OTHER OPERATIONS	16,642,378	9,255,858
1- Dividend Income From Affiliates	84,750	1,568
2- Dividend Income From Subsidiaries	0	0
3- Interest and Other Dividend Income	13,009,572	6,858,341
4- Other Operating Income	3,548,056	2,395,949
G- OTHER OPERATING EXPENSES AND LOSSES (-)	(2,395,536)	(1,479,490)
H- FINANCIAL EXPENSES (-)	(872,814)	(195,152)
1- Short-Term Financial Expenses	(872,814)	(195,152)
2- Long-Term Financial Expenses	0	0
OPERATING PROFIT	32,031,000	16,097,070
I- EXTRAORDINARY INCOME AND PROFITS	2,214,248	279,974
1- Provisions Written off	0	0
2- Previous Period Income and Profit	948	279,974
3- Other Extraordinary Income and Profit	2,213,300	0
J- EXTRAORDINARY EXPENSES AND LOSSES (-)	0	0
1- Idle Capacity Expenses and Losses	0	0
2- Previous Period Expenses and Losses	0	0
3- Other Extraordinary Expenses and Losses	0	0
INCOME FOR THE PERIOD	34,245,248	16,377,044
K- TAXES PAYABLE AND OTHER STATUTORY OBLIGATIONS (-)	(12,157,204)	(5,586,755)
NET INCOME FOR THE PERIOD	22,088,044	10,790,289

Statement of Cash Flows for the Year Ended December 31, 2001

(TL Million)

	31 DECEMBER 2001	31 DECEMBER 2000
A- CASH AT THE BEGINNING OF THE PERIOD	1,789,031	4,363,519
B- CASH INFLOW FOR THE PERIOD	8,379,623,981	6,873,176,325
1- Cash Inflows From Sales	8,352,250,743	6,863,984,173
a) Net Sales Income	8,351,002,091	6,890,296,962
b) Decrease in Trade Receivables (Resulting from Sales)	1,248,652	(26,312,789)
c) Increase in Trade Receivables (Resulting from Sales)	0	0
2- Cash Inflows from Income and Profit from Other Operations	16,642,378	9,255,858
3- Cash Inflows from Extraordinary Income and Profits	2,214,248	279,974
4- Increase in Short-Term Liabilities (Non-Trade)	5,207,844	450,000
a) Marketable Security Issues	0	0
b) Other Increases	5,207,844	450,000
5- Increase in Long-Term Liabilities (Non-Trade)	0	0
6- Capital Increase in Cash	0	0
7- Other Cash Inflows	3,308,768	(793,680)
C- CASH OUTFLOW FOR THE PERIOD	8,381,186,639	6,875,750,813
1- Cash Outflow Resulting from Costs	8,310,714,988	6,848,890,473
a) Cost of Sales	8,311,109,882	6,870,035,180
b) Increase in Inventories	0	0
c) Decrease in Payables (Trade)	0	0
d) Increase in Payables (Trade)	(394,894)	(21,144,707)
e) Expenses not Requiring Cash Outflow such as Depreciation and Provisions (-)	0	0
f) Decrease in Inventories	0	0
2- Cash Outflow Related to Operating Expenses	20,635,542	11,562,565
a) Research and Development Expenses	0	0
b) Marketing, Sales and Distribution Expenses	9,391,149	4,394,302
c) General Administrative Expenses	11,844,088	7,351,626
d) Expenses not Requiring Cash Outflow (-)	(599,695)	(183,363)
3- Cash Outflow from Other Operating Expenses and Losses	2,395,536	1,479,490
a) Expenses and Losses on Other Operations	2,395,536	1,479,490
b) Expenses and Losses not Requiring Cash Outflow (-)	0	0
4- Cash Outflow from Financial Expenses	872,814	195,152
5- Cash Outflow from Extraordinary Expenses and Losses	0	0
6- Cash Outflow from Investments in Long-Term Assets	1,537,145	418,159
7- Principal Payment of Short-Term Borrowings	450,000	0
8- Principal Payment of Long-Term Borrowings	0	0
9- Taxes and Dues Paid	5,586,755	2,100,193
10- Dividends Paid	0	0
11- Other Cash Outflows	38,993,859	11,104,781
D- CASH AT THE END OF THE PERIOD	226,373	1,789,031
E- CASH INCREASE OR (DECREASE)	(1,562,658)	(2,574,488)

Statement of Cost of Sales for the Year Ended December 31, 2001

(TL Million)

	31 DECEMBER 2001	31 DECEMBER 2000
A- Shares; Cost of Sales	1,854,826,603	2,066,670,775
1- Opening Balance (+)	0	378,942
2- Purchases (+)	1,859,283,675	2,066,291,833
3- Closing Balance (-)	(4,457,072)	
B- Private Sector Bonds; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
C- Commercial Papers; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
D- Other Private Sector Bonds; Cost of Sales	3,888,508	0
1- Opening Balance (+)	0	0
2- Purchases (+)	4,248,298	0
3- Closing Balance (-)	(359,790)	0
E- Government Bonds; Cost of Sales	2,515,417,889	3,360,248,694
1- Opening Balance (+)	4,957,837	7,100,412
2- Purchases (+)	2,543,711,414	3,358,106,119
3- Closing Balance (-)	(33,251,352)	(4,957,837)
F- Treasury Bills; Cost of Sales	3,876,230,347	1,437,240,119
1- Opening Balance (+)	0	0
2- Purchases (+)	3,887,664,466	1,437,240,119
3- Closing Balance (-)	11,434,119	0
G- Other Public Sector Bonds and Bills; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
H- Other Marketable Securities; Cost of Sales	60,746,525	5,875,592
1- Opening Balance (+)	10,100,418	1,200,319
2- Purchases (+)	50,646,107	14,775,691
3- Closing Balance (-)	0	(10,100,418)
I- Cost of Securities Sold	8,311,109,882	6,870,035,180
J- Cost of Services Sold	0	0
Cost of Sales (I+J)	8,311,109,882	6,870,035,180

Notes to the Balance Sheet as of December 31, 2001**1. ACTIVITIES OF THE COMPANY**

İş Yatırım Menkul Değerler A.Ş. ("the Company") was registered with the Istanbul Trade Registry on December 18, 1996, and its foundation was published in the Turkish Trade Registry Gazette number 4193 on December 23, 1996. The Company deals with capital market activities in accordance with its Articles of Association and Capital Market Law number 2499 as modified by Law number 3794. In this respect, the Company obtained the establishment permission from the Capital Markets Board at its meeting number 51-1515, dated December 5, 1996.

2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

Name	Share Group	December 31, 2001		December 31, 2000	
		Share Percentage %	Amount TL Million	Share Percentage %	Amount TL Million
Türkiye İş Bankası A.Ş.	Group A	1	150,000	2	150,000
Türkiye İş Bankası A.Ş.	Group B	91	15,490,000	90	6,290,000
Other		8	1,360,000	8	560,000
		100	17,000,000	100	7,000,000

3. SPECIAL RIGHTS GRANTED TO ISSUED SHARES

The capital of the Company is TL 17,000,000,000,000 (Seventeen Trillion Turkish Lira). The capital consists of 17,000,000,000 (Seventeen billion) shares of TL 1,000 (One Thousand Turkish Lira) each. All the stocks are issued to name. TL 150 Billion of the shares is Group A and TL 16,850 Billion is Group B. According to the Articles of Association, additional Group A shares cannot be issued in new capital increases.

4. REGISTERED CAPITAL LIMIT

The Company is not subject to the registered capital limit system.

5. CAPITAL INCREASES DURING THE YEAR AND THE SOURCES

The capital of the Company was fully paid in cash by the shareholders as at the balance sheet date. TL 10,000,000 Million increase in capital in 2001 has been incorporated from extraordinary reserves.

6. SECURITIES OTHER THAN SHARES ISSUED DURING THE YEAR

None (2000: None).

7. DEBT SECURITIES MATURED DURING THE YEAR

None (2000: None).

8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

a) Cost of acquired, built or purchased fixed assets is TL 1,537,475 Million (2000: TL 418,159 Million). In addition, total assets acquired through financial leasing amounted to TL 1,011,995 Million (2000: TL 758,690 Million) and TL 1,202,703 Million (2000: TL 525,683 Million) of this amount is written as expense in the current period.

b) Cost of fixed assets scrapped or sold is TL 312 Million (2000: None).

c) Revaluation in the current period:

	2001	2000
	TL Million	TL Million
Cost of Assets (+)	261,106	26,205
Accumulated Depreciation (-)	(53,102)	(8,825)
	208,004	17,380

Notes to the Balance Sheet as of December 31, 2001

d) Construction in progress: None (2000: None).

9. CURRENT AND FUTURE INVESTMENT ALLOWANCES WHICH ARE DEDUCTIBLE FROM TAX BASE

There is no investment allowance applicable to the current or following periods as at the balance sheet date (2000: None).

10. BALANCES WITH SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

As of the balance sheet date, the Company has TL 226,328 Million demand deposit with its shareholder, Türkiye İş Bankası A.Ş. (2000: TL 2,050 Million).

The Company did not have any receivable - payable balances with shareholders in the current period other than the above deposit (2000: None).

11. ACCOUNTING PRINCIPLES AND VALUATION METHODS

Accounting Principles

The Capital Markets Board has published Decree No. XI/1 and other decrees, which amend or add to Decree No. XI/1. These decrees define the principles and rules related to the preparation and presentation of financial statements and reports (hereinafter referred to as "generally accepted accounting principles issued by the Capital Markets Board") to be prepared by those companies subject to Capital Market Law.

a) Marketable Securities

Marketable securities are initially booked at cost. Government bonds and Treasury bills traded on stock exchanges are valued at weighted average market prices as at the balance sheet date; Government bonds and Treasury bills traded on stock exchanges but not traded as at the balance sheet date are valued at weighted average market prices of the last transaction date. Valuation for Government bonds and Treasury bills, which are not traded on a stock exchange is made based on the prices announced by the Turkish Central Bank. Placements at stock exchange money market are valued at cost plus accrued interest over the period to maturity. Income accruals are shown under marketable securities account in the balance sheet, and "Income and Profit From Other Operations" in the statement of income.

Government bonds and Treasury bills given as collateral or guarantee due to legal requirements are booked as "Long-Term Marketable Securities". Value increases resulting from year-end valuations are recorded in the "Value Increase on Stock Exchange" under shareholder's equity in the balance sheet, and decreases are recorded in "Other Operating Expenses and Losses" in the income statement.

Government bonds and Treasury bills acquired under reverse repo transactions are valued at cost plus interest accrued on a straight line basis by using the remaining number of days to maturity.

Equity shares traded on stock exchanges are valued at the average of the weighted average unit prices for the 5 days prior to the balance sheet date. The shares acquired in the last 5 working days prior to the balance sheet date are valued at the lower of cost or weighted average price on the balance sheet date. Foreign currency equity shares traded on stock exchange are valued at the unit prices for the last transaction date.

Investment fund certificates included in other marketable securities in the balance sheet are valued at the related fund's announced purchase price on the balance sheet date.

b) Tangible Fixed Assets

The Company revalues machinery, plant and equipment, vehicles, furniture and fixtures in accordance with revaluation coefficients announced by the Ministry of Finance every year. Revaluation reserve is incorporated into shareholders' equity.

The Company depreciates its tangible fixed assets in accordance with the taxation legislation on a straight-line method using the depreciation rates below:

	2001	2000
	%	%
Machinery & Equipment	20	20
Vehicles	20	20
Fixture & Furniture	20	20
Leasehold Improvements/Right	10-20	10

c) Trade Receivables

Trade receivables are shown at their recorded values in the accounts and result from Company's marketable security trading and investments on behalf of its clients. These balances are not discounted on the basis that they are very short-term and arising from the settlement system.

d) Income and Expenses

The accrual basis of accounting is applied for the recognition of revenues and expenses. Accordingly, income is recognized on the date of realization of services.

e) Retirement Pay Provision

The retirement pay provision for personnel present at 31 December 2001 who have accrued entitlement as at that date is calculated and recorded in the financial statements. The retirement pay provision is recorded in the general administration expenses.

f) Financial Leasing

The cost of assets acquired through financial leasing is written as expense as the rent invoices are received according to the payment schedule.

g) Tax

The Company is subject to Corporate Tax and Income Withholding Tax.

Turkish corporation tax is applied at the rate of 30% on taxable corporate income. A tax surcharge is additionally applied at the rate of 10% on the corporation tax amount. Taxable income is determined by adding non-deductible expenses and deducting non-taxable income such as dividend income and investment incentives.

In addition to corporation tax, income withholding tax is charged on profits after corporation tax, if dividends are distributed. Consequently, if profits are retained, companies' effective tax rate is 33%, and if profits are distributed, there are additional withholding taxes. The withholding rate is 5% for publicly traded and 15% for non-public companies. 18% withholding tax is applicable to income exempt from corporation tax, including investment incentive.

The Company allocates required provisions for the estimated tax liability and for certain timing differences causing deferred taxes based on the results for the current year.

12. SUBSEQUENT EVENTS

Subsequent to the balance sheet date the retirement pay provision limit has been increased to TL 1,076,400,000.

According to the Capital Markets Board decision at meeting numbered 7/95, dated January 25, 2002, for stock broker-dealers, the commissions received from customers for share trading transactions realized through the secondary markets should not be less than 0.2% excluding taxes. However, stock broker-dealers are allowed to repay, at most, 35% of the commission revenues received each month from specified customers as "commissions refunded" to those customers.

Notes to the Balance Sheet as of December 31, 2001

13. CONTINGENCIES

Letters of guarantee amounting to TL 10,435,394 Million are given to the Capital Markets Board and the Istanbul Stock Exchange ("ISE") as a guarantee for underwriting operations and securities trading activities as of December 31, 2001 (2000: TL 6,395,546 Million). In addition, a letter of guarantee amounting to TL 300 Million is given to the Privatization Administration (2000: TL 300 Million).

14. CHANGES IN ACCOUNTING ESTIMATES

Government bonds and Treasury bills kept as collateral or guarantee, have been booked as long-term marketable securities in the year 2001. Increases in the value resulting from year-end valuations are recorded in the "Value Increase on Stock Exchange" under shareholder's equity in the balance sheet (2000: None).

15. MORTGAGES OR PLEDGES ON ASSETS

There are no mortgages or pledges on assets as at December 31, 2000, but there are securities blocked as collateral to the following institutions.

	December 31, 2001			December 31, 2000		
	Nominal TL Million	Cost TL Million	Market Value TL Million	Nominal TL Million	Cost TL Million	Market Value TL Million
Central Bank (Open Market Operations)	2,550,000	1,958,578	2,472,480	1,000,000	862,397	810,933
Istanbul Stock Exchange	100,000	43,200	150,794	3,000,000	2,689,464	3,176,470
CMB	1,935,000	955,120	1,372,541	500,000	509,108	530,455
ISE Settlement and Custody Inc. (Stock Exchange Money Market)	14,233,900	8,776,930	9,726,910	975,000	625,483	702,272
Total	18,818,900	11,733,828	13,722,725	4,975,000	4,177,344	4,689,675

16. INSURANCE ON ASSETS

As of December 31, 2001, the insurance on assets is as follows:

2001	Book Value TL Million	Insurance Total TL Million	Coverage %
Machinery and Equipment	612,371	*	-
Vehicles	33,803	51,580	153
Furniture and Fixtures	82,689	*	-
Leased Assets	1,011,995	3,970,848	392

* Insurance amounts of Machinery and Equipment and Furniture and Fittings are shown in the insurance value of Leased Assets.

2000	Book Value TL Million	Insurance Total TL Million	Coverage %
Machinery and Equipment	146,621	-	-
Vehicles	31,935	42,420	133
Furniture and Fixtures	15,972	-	-
Leased Assets	758,690	758,690	100

17. GUARANTEES AND MORTGAGES RECEIVED

As of December 31, 2001, there are no mortgages received. The estimated fair value of the marketable securities received from customers as guarantee amounted to TL 1,044,703 Million (2000: TL 659,054 Million) with nominal value of TL 155,291 Million (2000: TL 129,863 Million).

18. CONTINGENT LIABILITIES

Contingent liabilities are as follows:

	2001	2000
	TL Million	TL Million
Letters of Guarantee Given	10,435,694	6,395,846
Repo Commitments	826,232	17,218,467
Reverse Repo Commitments on Behalf of Customers	87,849,371	86,227,885
Total	99,111,297	109,842,198

19. BLOCKED DEPOSITS AT BANKS

None (2000: None).

20. MARKETABLE SECURITIES UNDER MARKET VALUE

The marketable securities in the Company's portfolio as of December 31, 2001, are as follows:

	Acquisition Cost	Amount	Market Value
December 31, 2001	TL Million	TL Million	TL Million
Government Bonds (Portfolio)	25,089,536	25,998,267	25,998,267
Treasury Bills (Portfolio)	4,583,398	4,604,688	4,604,688
Private Sector Bonds	329,012	359,791	359,791
Equity Shares	4,608,440	4,457,071	4,457,071
Total	34,610,386	35,419,817	35,419,817

December 31, 2000

Government Bonds	4,957,837	5,469,542	5,469,542
Mutual Funds	10,000,418	10,178,950	10,178,950
Total	14,958,255	15,648,492	15,648,492

Nominal values of the foreign currency marketable securities in the portfolio total US\$ 999,419 (2000: US\$ 100,000).

The securities in the Company's long-term marketable securities account as of the balance sheet date are as follows: (2000: None).

	Acquisition Cost	Amount	Market Value
December 31, 2001	TL Million	TL Million	TL Million
Government Bonds (guarantee)	11,733,828	13,722,726	13,722,726
Total	11,733,828	13,722,726	13,722,726

21. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

As of December 31, 2001, the estimated fair value of the securities issued by shareholders; Türkiye İş Bankası A.Ş. in the Company's portfolio amounted to TL 308,280 Million, with nominal value of TL 40,000 Million (2000: None).

Notes to the Balance Sheet as of December 31, 2001

22. DETAILS OF ACCOUNTS UNDER "OTHER" CAPTION IN THE FINANCIAL STATEMENTS, WHICH EXCEED 20% OF THE TOTAL OF THE RELATING GROUP OR EXCEED 5% OF TOTAL ASSETS

a) Other Marketable Securities:

	December 31, 2001	December 31, 2000
	TL Million	TL Million
Türkiye İş Bankası B Type Mutual Fund	-	10,178,950
Total	-	10,178,950

b) Other Short-Term Trade Receivables:

Receivable from Stock Exchange Money Market	16,749,031	20,112,000
Total	16,749,031	20,112,000

c) Other Short-Term Receivables:

Foreign Portfolio Management Income Accrual	-	599,072
Fund Consultancy Commission Income Accrual	-	168,307
Fund Management Commission Income Accrual	7,377	71,835
Advances Given	17,682	227,240
Equity Shares Commission Income Accrual	76,940	-
Equity Shares Transactions Income Accrual	328,708	-
Due from Personnel	183,815	117,036
Total	614,522	1,183,490

d) Other Current Assets:

Advance Tax	7,040,838	2,557,316
Prepaid Taxes and Funds	1,377,593	417,688
Total	8,418,431	2,975,004

TL 7,040,838 Million above represents advance taxes paid during 2001. TL 1,377,593 Million prepaid taxes and funds represent prepaid withholding taxes transferred to the following period for offset against next year taxes.

e) Other Long-Term Assets:

	December 31, 2001	December 31, 2000
	TL Million	TL Million
Prepaid Rent Expense	50,335	-
Prepaid Information Technology Expenses	25,300	-
Other	-	33,171
Total	75,635	33,171

f) Other long-term financial assets consist of the equity shares comprising TL 6,750 Million investment in TSKB Menkul Değerler Yatırım A.Ş. and TL 11,667 Million investment in Vadeli İşlemler Eğitim ve Danışmanlık A.Ş. as of December 31, 2001.

g) Other Intangible Fixed Assets:

	December 31, 2001	December 31, 2000
	TL Million	TL Million
Leasehold Improvements	883,208	196,479
Total	883,208	196,479

h) Other trade payables consist of borrowings from ISE Settlement and Custody Bank Inc. stock exchange money market operations on the Company's behalf, and customer accounts as of December 31, 2001. The breakdown of the other trade payables is as follows:

	December 31, 2001	December 31, 2000
	TL Million	TL Million
Customers	24,818,601	24,409,706
Other	-	14,001
Total	24,818,601	24,423,707

i) Other Short-Term Liabilities:

Expense Accrual	359,549	75,684
Payables for Transactions for Registering Stock Exchange Markets	530,477	-
Total	890,026	75,684

j) Other Short-Term Payable and Expense Provisions:

Payables to the Civil Defence Fund	172,087	-
Total	172,087	-

k) Long-Term Liability and Expense Provision:

Provision for Litigation	14,335	-
Total	14,335	-

l) Other Services Given:

Consultancy Income	-	2,530,655
Mutual Fund Portfolio Management Income	-	537,669
Fund Management Income	2,109,127	766,926
Corporate Finance Income	-	3,211,444
Fund Commission Income Accruals	-	799,251
Other	127,673	355,405
Total	2,236,800	8,201,350

m) Other Operating Income:

Foreign Currency Difference Income	1,612,850	-
Foreign Currency Marketable Securities Trading Income	723,829	1,940,507
Income Accruals on Marketable Securities and Deposits	955,828	380,017
Other	255,549	75,425
Total	3,548,056	2,395,949

Notes to the Balance Sheet as of December 31, 2001

n) Other Operating Expenses and Losses:

	December 31, 2001	December 31, 2000
	TL Million	TL Million
Losses on Sale of Foreign Currency Marketable Securities	756,208	1,062,078
Prior Year Income Accruals	511,703	-
Foreign Currency Differences	283,070	-
Provision for Diminution in Value of Equity Shares	151,368	-
Commissions Given to Agencies	171,459	238,982
Civil Defence Fund	172,087	-
Other	349,641	178,430
Total	2,395,536	1,479,490

o) Other Extraordinary Gain and Profits:

Gains on Stock Exchange Money Market Overdue Balances	2,213,300	-
Total	2,213,300	-

The Company's receivables on transactions on February 20, 21 and 22, 2001, on the Istanbul Stock Exchange Bonds and Bills Market were not paid by counterparties on the same value dates and accordingly ISE Settlement and Custody Bank Inc., paid interest for the overdue balances.

23. RECEIVABLE FROM AND PAYABLE TO PERSONNEL INCLUDED IN OTHER RECEIVABLES AND OTHER SHORT OR LONG-TERM PAYABLES, WHICH EXCEED 1% OF TOTAL ASSETS

None (2000: None).

24. DOUBTFUL RECEIVABLES RELATING TO SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There is no doubtful receivables relating to shareholders, affiliates or subsidiaries as of December 31, 2001 (2000: None).

25. DOUBTFUL RECEIVABLES RELATED WITH RECEIVABLES ALREADY DUE OR DUE IN FUTURE

None (2000: None).

26. EQUITY INVESTMENTS

2001	Equity	Inv.	31.12.2001	31.12.2001	Financial	Opinion of
Equity Investments	Amount	%	Income	Net Income	Statement	Auditors
			Before Tax		Preparation	
					Standard	
İş Risk Sermayesi Yatırım Ortaklığı A.Ş.	1,000,000	5	18,151,058	18,151,058	CMB	Unqualified
İş Portföy Yönetimi A.Ş.	200,000	20	2,953,124	1,963,981	CMB	Unqualified
Vadeli İşlemler Eğitim ve Danışmanlık A.Ş.	11,667	1,69	(183,218)	(183,218)	*	*
TSKB Menkul Değerler Yatırım A.Ş.	6,750	1	638,424	425,263	**	Unqualified
Total Equity Investments	1,218,417					

* As this equity investment is not subject to "Capital Markets Board" regulations, financial statements in accordance with CMB standards could not be obtained.

** Amounts represented for this equity investment are taken from the audited financial statements, in accordance with CMB standards, audited by another independent audit firm.

27. FREE SHARES ISSUED BY AFFILIATES AND SUBSIDIARIES:

In the current year, TL 2,250 Million free shares were received from TSKB Menkul Değerler Yatırım A.Ş. (2000: TL 1,300 Million).

28. NON-CASH RIGHTS ON PROPERTIES

There are no non-cash rights on properties as of December 31, 2001 (2000: None).

29. REVALUATION SURPLUS ON TANGIBLE FIXED ASSETS

Tangible Fixed Assets	Revaluation Surplus (TL Million)		
	2001	2000	1999
Machinery, Plant and Equipment	77,775	13,364	2,718
Vehicles	16,989	2,900	2,508
Furniture & Fixtures	8,712	838	87
Leasehold Improvements	104,528	-	-
Total	208,004	17,102	5,313

30. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2001, demand deposits of the Company denominated in foreign currencies amounted to US\$ 128,409 (TL 184,854 Million) and GBP 34 (TL 17 Million) (2000: None).

31. GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There are no guarantees given as of December 31, 2001 (2000: None).

32. PERSONNEL STRUCTURE

The number of personnel as at December 31, 2001, is 176, of which details are given below:

	2001	2000
	Number	Number
Executives	24	23
Managers	14	15
Specialists	93	66
Brokers	25	25
Administrative & Other	20	25
Total	176	154

Notes to the Balance Sheet as of December 31, 2001

33. OTHER SIGNIFICANT MATTERS AFFECTING THE FINANCIAL STATEMENTS

The Company has realized no underwriting transactions during the current year.

The table below represents a summary of underwriting transactions realized during the year 2000.

2000 Company	Amount of Sales Realized by the Company		Total Issue	
	TL Million	Lot	TL Million	Lot
Anadolu Hayat Sigorta A.Ş.	20,970,838	1,114,263	39,000,000	1,290,000
Sinai Yatırım Bankası A.Ş.	5,654,890	1,824,158	13,950,000	4,500,000
Soda Sanayii A.Ş.	12,102,588	1,680,915	22,759,200	3,161,000
İş Genel Finansal Kiralama A.Ş.	21,706,770	1,447,118	8,750,000	2,500,000
Alkim Alkali Kimya A.Ş.	5,413,766	751,912	9,288,000	1,290,000
Ayen Enerji A.Ş.	11,125,056	231,772	110,040,000	2,300,000
Karsan Otomotiv San. Tic. A.Ş.	1,311,093	28,502	11,040,000	240,000
AK Enerji Elekt. A.Ş.	2,187,835	67,318	21,612,500	665,000
Türk Ekonomi Bankası A.Ş.	2,288,000	272,381	41,160,000	4,900,000
Nuh Çimento Sanayi A.Ş.	1,280,730	85,382	12,519,750	834,650
Alkim Kağıt San ve Tic A.Ş.	4,993,104	1,490,539	9,380,000	2,800,000
Sanko Paz. İth. İhrc. A.Ş.	17,613,408	1,000,838	46,000,000	2,875,000

The customer assets under custody as of the balance sheet date are as follows:

	2001	2000
	Nominal	Nominal
	TL Million	TL Million
Shares	23,630,950	10,709,174
Government Bonds	238,263,494	242,235,267
Treasury Bills	164,421,093	1,376,000
Investment Fund Participation (units)	3,000,000	1,300,000

Economic and Financial Crisis:

Since February 2001, Turkey has experienced a contraction in economic activities and volatility in foreign currency rates, capital and money markets. A new program including various regulations, which was introduced in May 2001 in order to strengthen the economic and legal infrastructure as in developed markets is ongoing. Although the effects of volatility in economic indicators and markets are continuing, the accompanying financial statements reflect the effects, so far as they are known and can be estimated, of the economic and financial crisis.

Notes to the Income Statement for the Year Ended December 31, 2001

1. The depreciation and the amortization charges for the period are TL 383,264 Million (2000: TL 70,518 Million).

	2001 TL Million	2000 TL Million
a. Depreciation Charges:		
aa. Normal Depreciation Charges	182,914	60,718
ab. Depreciation Expenses Resulting from Revaluation	28,993	14,600
b. Amortization Charges:	171,357	-

2. There is no discounting expense, but TL 216,431 Million provision charge (2000: TL 108,045 Million) for the current period.

3. The financial expenses for the period amounted to TL 872,814 Million (2000: TL 195,152 Million).

	2001 TL Million	2000 TL Million
a. Included in Cost of Sales	-	-
b. Capitalized on Fixed Assets	-	-
c. Directly Recorded as Expense	872,814	195,152

4. Financial expenses related to affiliates, subsidiaries and equity participations for the current period:

There are TL 27,690 Million financial expenses related to the shareholder, T. İş Bankası A.Ş., for the current period (2000: None).

5. Sales and purchases from shareholders, affiliates and subsidiaries are as follows:

2001

Company	Transaction	Purchases TL Million	Sales TL Million
Türkiye İş Bankası A.Ş.	Purchase of Shares	1,512,904,901	1,629,757,781
İş Factoring Finansman Hizmetleri A.Ş.	Repo	50,582,591	51,334,719
İş Factoring Finansman Hizmetleri A.Ş.	Reverse Repo	214,958,343	215,628,218
İş Genel Finansal Kiralama A.Ş.	Securities Trading	11,082,747	10,853,930
İş Genel Finansal Kiralama A.Ş.	Reverse Repo	406,771,014	408,231,548
İş Genel Finansal Kiralama A.Ş.	Repo	16,592,761	16,621,605
İş Genel Finansal Kiralama A.Ş.	Securities Trading	53,609,313	57,320,901
İş Portföy Yönetimi A.Ş.	Rent Income	139,198	-

2000

Company	Transaction	Purchases TL Million	Sales TL Million
Türkiye İş Bankası A.Ş.	Repo	4,331,132	4,322,131
Türkiye İş Bankası A.Ş.	Reverse Repo	89,144,000	90,230,280
Türkiye İş Bankası A.Ş.	Securities Trading	926,054	-
Türkiye İş Bankası A.Ş.	Purchase of Shares	1,432,393,763	1,013,634,572
İş Factoring Finansman Hizmetleri A.Ş.	Repo	27,908,661	28,001,498
İş Factoring Finansman Hizmetleri A.Ş.	Reverse Repo	86,765,312	87,164,533
İş Genel Finansal Kiralama A.Ş.	Securities Trading	71,035	74,984
İş Genel Finansal Kiralama A.Ş.	Reverse Repo	1,688	1,691

Notes to the Income Statement for the Year Ended December 31, 2001

6. Rent, insurance premium and similar items paid to shareholders, affiliates and subsidiaries are as follows:

	2001	2000
	Rent Paid	Rent Paid
	TL Million	TL Million
İş Genel Finansal Kiralama A.Ş.	1,202,703	525,863
Total	1,202,703	525,863

The Company handles transactions of the customers of Türkiye İş Bankası A.Ş. ("İşbank") in the name of Türkiye İş Bankası A.Ş. account. Commission income from this account is TL 3,142,662 Million (2000: TL 2,559,910 Million).

7. The total of salary and fringe benefits for executives is TL 952,513 Million in the current period (2000: TL 518,550 Million).

8. The amortization expense for the period did not increase or decrease due to changes in amortization calculation methods and alterations in these methods (2000: None).

9. The Company has no inventories as of December 31, 2001, hence, there is no inventory cost calculation system, but the Company uses the weighted-average cost system to record marketable securities (2000: None).

10. No stock-take is performed, since the Company has no stocks as of December 31, 2001. The Company's marketable securities held on its own behalf and on behalf of clients are under the custody of Istanbul Stock Exchange Settlement and Custody Bank Inc.

11. There is no service or by-product, or scrap sales exceeding 20% of sales (2000: None).

12. There are no subsidies relating to the 2001 sales of the Company (2000: None).

13. Previous period expenses totaling TL 948 Million in the income statement consist of the repayment of overaccrual of repo expenses in 2000 (2000: Previous period income totaling TL 279,974 Million in the income statement consists of receivables arising from advance taxes and withholding taxes on marketable securities).

14. Profit and dividend per preferred and common share:

As of the date of this report, the Company's Board of Directors did not calculate profit per share and distribution figures for each class of share relating to 2001 operations, since these will be discussed and approved at the General Assembly, and hence did not prepare a profit distribution table. Therefore, a profit distribution table is not presented in the accompanying financial statements.

TL 1,000 Nominal Value $\frac{22,088,043,759,048}{17,000,000,000 \text{ Share}} = 1,299.30$ 129.93%
Profit per share (TL):

Group	Number of Shares	Profit per Share (TL %)
Group A	150,000,000	1,299.30 129.93%
Group B	16,850,000,000	1,299.30 129.93%

15. Changes in the Company's goods and services production quantities in the period: None.

16. Changes in the Company's goods and services sales quantities in the period: None.

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