



**IS INVESTMENT
BOARD OF DIRECTORS
QUARTERLY REPORT**
01 JANUARY 2009-
31 MARCH 2009

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Overview of the Economy

International investment banks decrease the growth estimations rapidly. Estimations suggesting that the growth in the USA, Europe and Japan will decrease by 3% in 2009 are becoming more dominant.

The world started 2009 in an environment with global recession and increasing deflation risks. The financial crisis, which spread around the world starting with the property market in the USA, brought the global economy to the threshold of recession. The economies of developing countries have slowed down radically.

The central banks of developed countries try to fight the recession by rapidly decreasing the interests causing monetary expansion and by increasing public expenditure. Even if it's just a little bit, the taken measures will reduce the destructive effect of the crisis. However, we do not expect the go out of recession in 2009.

When we look at the front of developing countries, we see that they act deliberate with regard to increasing public expenditure and that the monetary policy on the other hand is loosened significantly.

At the end of the first quarter of 2009, it is obvious that the measures taken by means of monetary and financial expansion will not be enough to win the battle against global recession. International investment banks decrease the growth estimations rapidly. Estimations suggesting that the growth in the USA, Europe and Japan will decrease by 3% in 2009 are becoming more dominant.

The Eastern Europe economies form the country group, which is most negatively affected by the global crisis. In addition to the shrinking economy of Europe, the excessive need for outside financing and the high leverage in the financial system make these countries weak against external shocks.

Although the encountered events do not carry good signs for Turkey, we see an important development in our balance of foreign trade. We think that the decrease in commodity prices and

the economic constriction will decrease import, thus reducing the current deficit. We do not expect to see the real effect of the recession in the external balance, but in the internal balance due to declining production and reduced employment.

According to our base scenario, in which we plan to start a new stand-by arrangement with the International Monetary Fund (IMF), which is estimated to turn the loans of non-bank private sectors and banking sectors in the ratio of 80% and 70% respectively, Turkey will need a financing of approximately 20 Billion US Dollars in 2009.

The fact that the inflation was less than expected due to the Turkish Lira depreciation supports the estimation of the Central Bank regarding inflation.

In addition to this, we think that the markets will not welcome the interest rate cuts as enthusiastically as they did before. We suppose that the markets prefer the risk premiums to remain high in an environment, in which the storm in global markets becomes more severe every day, the currency fluctuations increase, the budget performance regresses and the negotiations with the IMF drag on.

Due to the interest cuts of the Central Bank, the banking systems continue to act cautious with regard to giving credits. The increase in the non-performing loans, is among the factors, which cause the risk premium to increase despite of the interest cuts of the Central Bank.

We think that the reduced prices in 2009 will create attractive purchase opportunities for investors, who want to create medium-term portfolios.

Board of Directors and Executives

Board of Directors

| | |
|----------------------|--------------------|
| Özcan Türkakın | Chairman |
| Güzide Meltem Kökden | Dep. Chairman |
| Emre Duranlı | Member |
| Turan Gökçen Bali | Member-Independent |
| İzlem Erdem | Member |
| Serpil Kılıboz | Member |
| Ebru Özşuca | Member |

Board of Directors have been assigned in the Ordinary General Meeting of Shareholders held on 27/04/2009 till the date of next Ordinary General Meeting of Shareholders.

Members of the Board do not play an execution role at IS Investment.

Auditors

Uygar Şafak Öğün, Engin Topaloğlu

The auditors have been assigned in the Ordinary General Meeting of Shareholders held on 27/04/2009 till the date of next Ordinary General Meeting of Shareholders.

Executives

| | |
|-------------------------|---------------------------|
| İlhami Koç | General Manager |
| Murat Kural | Assistant General Manager |
| Ufuk Ümit Onbaşı | Assistant General Manager |
| Ertuğ Yıldırımcan | Assistant General Manager |
| Mert Erdoğan | Assistant General Manager |
| Funda Çağlan Mursaloğlu | Assistant General Manager |

Shareholding Structure (%)

| | |
|--------------------------|-------|
| IS Bank | 65.65 |
| IS Leasing | 2.43 |
| IS Faktoring | 2.43 |
| Şişecam | 1.45 |
| Camiş Investment Holding | 0.17 |
| Free Float | 27.87 |

Summary Balance Sheet and Income Statement*

| Summary Balance Sheet (TL 000) | 31 March 2009 | 31 December 2008 |
|---------------------------------------|----------------------|-------------------------|
| Assets | | |
| Current Assets | 1,645,113 | 1,428,563 |
| Long-term Assets | 53,031 | 54,276 |
| Total Assets | 1,698,144 | 1,482,839 |
| Liabilities | | |
| Short-term Liabilities | 1,266,436 | 1,071,644 |
| Long-term Liabilities | 4,385 | 1,266 |
| Minority Interest | 143,117 | 137,241 |
| Shareholders' Equity | 284,206 | 272,688 |
| Total Liabilities | 1,698,144 | 1,482,839 |

| Summary Income Statement (TL 000) | 1 January - 31 March 2009 | 1 January - 31 March 2008 |
|-------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Sales Revenue (Net) | 4,748,419 | 7,399,186 |
| Cost of Sales | (4,744,031) | (7,414,158) |
| Interest and Derivative Income from Operating Activities | 15,125 | 6,085 |
| Income from Services (Net) | 9,691 | 14,824 |
| Other Operating Income/Expenses(net) | 5,284 | 3,481 |
| Operating Expenses | (21,433) | (20,432) |
| Other Income/Expenses | (177) | (964) |
| Non-Operating Revenues | 8,013 | 6,149 |
| Tax | (4,704) | (2,859) |
| Minority Interest | 6,159 | (10,821) |
| Net Profit | 10,027 | 2,132 |

*The financial statements and footnotes of IS Investment are disclosed to public at www.isyatirim.com.tr

| Financial Highlights | 31 March 2009 | 31 December 2008 |
|----------------------------------------|----------------------|-------------------------|
| Current Assets/Short-term Liabilities | 1.30 | 1.33 |
| Total Liabilities/Shareholders' Equity | 4.47 | 3.93 |
| Earnings Per Share | 0.0840 | 0.3748 |

Domestic Capital Markets

IS Investment has increased its share in the Stock Market from 6.31% (during the same period last year) to 7.60% in the first quarter of the year and maintained its leading position with a trading volume of TL 10.7 billion.

Stock Market

Parallel to global markets the ISE (Istanbul Stock Exchange) followed a fluctuating course in the first quarter. While the main reason for the fluctuations in the stock markets of developing countries, among which Turkey can be counted as well, were particularly the bad news from the banking sector in the USA, it caused the ISE National-100 index in March to drop down to 22.400, which was the lowest value in 2009. Especially due to the decreasing risk desire of foreign investors, the Stock Market lost more than 4.09% value in the first quarter.

The global crisis affected developing countries negatively in the first quarter of 2009. For this reason, the interest cuts realized by the Central Bank in the expectation that inflation will be low in connection with the shrinking demand, in a period during which global recession and deflation risk is increased, picked up speed especially in the first quarter of the year. According to this, the Central Bank decreased the benchmark interest rates to 450 basis points in the first quarter. However, due to the rapid interest cut of the Central Bank, the banking system acted cautious in giving credits and this caused economic constriction in the first quarter and limited the positive effects of the interest cuts on the economy. Together with the fluctuations in the global market, the US Dollar/TL (Turkish Lira) parity reached 1.81 in March and beat the threshold of 1.75 of the year 2006. This affected the quarter profit expectations of especially companies with liabilities in foreign currency negatively.

When we look at future periods, we see that on one hand, the markets will continue with this fragile outlook and on the other hand, the Stock Market will continue to watch the developments in international markets closely. Due to the strong financial structure of the banking sector in Turkey together with the expectations to make a stand-by agreement with the IMF, we hope that Turkey will be in a different situation than other developing countries and will be able to show a better performance.

Due to these sensitive and very important development, which constitute the agenda of the Turkish and international markets, IS Investment has increased its share in the Stock Market from 6.31% (during the same period last year) to 7.60% in the first quarter of the year and maintained its leading position with a trading volume of TL 10.7 billion.

Bonds and Bills Market

The first quarter of 2009 was a period, in which interest rates were decreased, due to the negotiations of the markets with the IMF, the financial support package of the government to the automotive sector of the USA and the interest cuts of the Central Bank. The main reason for the recession in interest rates, were the rapid and aggressive interest cuts of the Central Bank due to decrease expectations in economic recession and inflation rates. Due to the fact that the banks acted pickier in giving credits because of the depressed economy and that they made the risk tracking more detailed and as a result avoided giving credits and directed the liquidity to Government Bonds, caused the Turkish Treasury to realize amortizations and getting into debt more easily. The interest rates, which ended the year 2008 with 16.40% compound levels, were at 14% compound levels at the end of the first quarter of 2009 after all the developments.

In addition to the developments in Turkey, the activity in global markets, the fact that the bank saving plan of the US government was not found sufficient, the increased uneasiness regarding the automotive sector and the inconclusive negotiations with the IMF, have caused short-term increases in the interest rate front. However the Central Bank prevented the bonds interest rate from deviating from the general decrease movement by making a interest cut of 450 basis points in the first quarter of the year, although the effects of the financial crisis in international markets was felt deeply in other markets.

While the bond interests cut there were fluctuations in the currency rate as well. If the Compared to currencies of other developing countries in the first quarter of the year, it was seen that the Turkish Lira lost more value against the US Dollar. In January, the Turkish Lira lost about 9% value against the US Dollar. On an overall basis this value loss was limited to 7%. The Turkish Lira lost value against the US Dollar in the first quarter of the year and reached levels of 1.82. The fact that foreign banks and investors increased their US Dollar claims, caused the rate to increase even more radically. The intense decreases in the trading volume while the fluctuations in the market increased, were not only seen in the currency market, but also in the Bonds Market.

IS Investment, ranked second among the brokerage houses with a trading volume of TL 3.9 billion and a market share of 10.10% in the Bonds and Bills Market in the first quarter of 2009.

Derivatives Market

During the first quarter of 2009, the foreign development oriented course of the Turkish Derivatives Exchange (TurkDEX) continued. There was an increase of trading volume due to position closing in futures contracts, based on shares, traded actively on expiry dates. If we look at the first quarter, it can be seen that IS Investment has a share of an average of 12% in trade volume. If we look at the difference between the most active agreement and ISE-30, it can be seen the agreements were mostly traded with discount of an average of 350-400 points according to the spot market, but that this difference was less at expiry dates.

The "TurkDEX TL-Dollar" agreement reflected the funding costs in the first quarter in the Derivatives Market and continued its movement parallel to the spot market. After the demand for gold, which is called the safe port worldwide regarding economic crises, has increased in spot markets, there was also an increase in the volume of gold futures contracts in the first quarter of the year. Although a continued quotation was entered by IS Investment regarding interest rate futures contracts, there was no active trading volume seen. There were no contracts made regarding cotton and wheat as well. Contracts based on one-share and market-making projects were not realized in the first quarter of 2009 and they were postponed to future periods.

IS Investment came in first at TurkDEX in the first quarter of 2009 with TL 13.9 billion trading volume and 12.30% market share.

Domestic Sales and Marketing

The number of clients using TradeMaster International at the end of March increased by seven times compared to the same period in the previous year.

Although the first quarter of 2009, was affected by the financial crisis, causing serious fluctuations and losses in global markets, the domestic sales and marketing activities of IS Investment continued successfully.

With the purpose of gaining new clients, a lot of potential/new client visits were realized in the first quarter of the year and during these visits new investors were brought in to IS Investment. Therefore, as a result of the marketing studies, which were made with an active coordination, significant achievements were made in the first quarter of the year.

In addition to this, our marketing studies continued through visits to regions, where we do not have branches yet but which are considered to have serious potential. In line with this strategy, new investors were gained from different regions of Turkey.

To extend the usage of the TradeMaster International program, which is an electronic trading platform providing investors with the opportunity to make transactions in international exchanges by means of their own computers, even more promotional activities were continued in the first quarter of the year. As a result of these activities the number of clients using TradeMaster International at the end of March increased by seven times compared to the same period in the previous year.

International Capital Markets

After the radical sales of shares of the Citigroup and the Bank of America, which are among the longest standing corporations in the finance sector, raised the interest of national investors, there was a significant increase in the purchase and sales of shares in the first quarter of 2009.

Due to the bailout plans, which were declared by the central banks continuously in order to reduce the pressure of the global liquidity crisis on economies, the selling wave in the finance markets continued without slowing down in the first two months of 2009. If the rates in the beginning of 2009 are considered, the radical sales in share indexes, which lost 20-25% of their value, did not occur in the same rate in credit markets. The unbalanced fluctuations in eurobonds and CDS rates in developing countries, caused by the drawn liquidity from markets in October-November 2008, were not seen in the first two months of 2009. In March, it was more centered in finance companies, which were most affected by the last crisis and the interest towards risk issues increased again parallel to the reaction purchases, seen in the indexes in general. After the risk desire of investors increased in the first eurobond markets, which were depressed for a long period until now, the country and company credits started to put pressure on the loan opportunities by means of eurobond export.

After the radical sales of shares of the Citigroup and the Bank of America, which are among the longest standing corporations in the finance sector, raised the interest of national investors, there was a significant increase in the purchase and sales of shares in the first quarter of 2009. Due to the liquidity crunch, which was experienced at end of last year, we used the eurobonds of increasing purchase and sales differences in the first quarter of 2009, were cautious about the export market and continued to direct investors to medium-term transactions, due to the uncertainty, which continued regarding long-term transactions. Although the expected volume increase was not achieved, due to the fact that some investors stayed aside because of the fluctuations in the market regarding derivative transactions, the forward transactions experienced a recovery at the end of the first quarter of 2009 under the influence of the optimistic atmosphere of global markets in March.

Corporate Finance

Due to the influence of the global crisis, the Merger and Acquisitions slowed down significantly in Turkey as well as it did all over the world.

Merger & Acquisitions

Due to the influence of the global crisis, the Merger and Acquisitions slowed down significantly in Turkey as well as it did all over the world. The only action, in which we participated as a consultant of the purchasing party and which was completed, was Anadolu Efes Biraçılık ve Malt Sanayi purchasing Etap Tarım ve Gıda Ürünleri Ambalaj San. ve Tic.. We provided consulting services as the consultant of the purchasing and selling party in many other projects apart from the one mentioned above. The operations to merge the companies public Aksu İplik Dokuma ve Boya AŞ. and Ak-Al Tekstil Sanayi A.Ş. were continued.

In addition to this, we provide purchasing party consulting services to a domestic group in the privatization tender of the Turkish National Lottery.

Other Consulting Services

IS Investment was appointed “damage expert” by the Ministry of Energy and Natural Resources regarding an arbitral case brought against the Ministry of Energy and Natural Resources about the privatization tender of an electric distribution region in 1997 and the investigations carried out were presented to the court in Lausanne.

Two different clients were provided with consulting services regarding the obtaining of project finance.

In addition to this, intermediary services were provided to Petrokent Turizm A.Ş. regarding call procedures in the stock market and four clients were given evaluation consultation during this period.

New Products and Service Network

After our Yeşilköy branch was opened on the 31st of March 2008, our Maslak branch opened on the 6th of April 2009 and became our fifth branch and together with our branches in Ankara and İzmir we provide services in seven branches throughout Turkey.

As we have shared this information with our investors before, IS Investment is continuing to take the necessary steps to diversify its new products/services in 2009 and continue its geographical growth. After our Yeşilköy branch was opened on the 31st of March 2008 within this scope, our Maslak branch opened on the 6th of April 2009 and became our fifth branch and together with our branches in Ankara and İzmir we provide services in seven branches throughout Turkey.

After having opened our new branches our goal is to develop our client base and increase our market share.

The Capital Markets Board approved the founding of the “Ashmore IS Investment A Type Variable Fund”, the “Ashmore IS Investment B Type Variable Fund” and the “Ashmore IS Investment A Type Liquid Fund” with 50 million initial amount each and the primary contribution rates, of the funds to be founded, have been registered.

Mission, Vision and Corporate Values

The Board of Directors has defined IS Investment's mission and vision and disclosed them on the corporate website.

Mission

Our mission is;

- To offer all investment banking services under one entity,
- To produce qualified information, establish information based strategies and create value,
- To be innovative in product and service development,
- To lead the development of capital markets,
- To follow technologic developments and apply them to activities,
- To ensure customer satisfaction,
- To increase the value created for shareholders.

Vision

To be the most preferred leader and reliable investment institution in Turkey and in the region.

Corporate Values

Customer Focused: To be near our customers; to perform correctly the risk-revenue analysis conforming their expectations; to offer services of required and desired quality in order to increase our customers' assets in parallel to this analysis.

Market Centered: To create the highest added value possible for our investors and our corporation basing on the developments by following instantly domestic and international capital markets.

Dynamism and Innovation: To search for the better and the newer through our efficient human resources specialized in their domain, in the most conforming way to market conditions, by respecting our corporate policies and with an endless energy in order to develop continuously our values, services and products.

Confidentiality: To respect confidentiality principles related to the matters of clients' identity, transactions and trade secret which may effect our share value within the context of laws, corporate policies and ethical values.

Reputation: To continue to be the representative of confidence and success atmosphere created by the brand name "İş" that we represent proudly in capital markets.

Esteem the Employees: To ensure continual training and development of our expert staff that we recruit by considering our corporate values with the corporate social responsibility concept; to exert a human resources policy granting equal rights to the ones being under equal conditions by not applying any religious, linguistic and ethical discrimination, within the context of comfortable, secure and specific career plan.

Team Work: To bring the productivity to the highest possible level by creating a synergy combining the division of labor and cooperation, efficient sharing and solidarity.

Respect to Laws, Corporate Governance

Principles and Ethical Values: To ensure the best international practice in the domain of corporate governance principles in order to sustain our success in markets and financial performance by respecting the laws and our ethic values through transparent management, efficient risk management and internal mechanism.

Perfectionism: To be conscious that one can be even better if he always endeavors to be the perfect.

Objectivity and Impartiality: To ensure conduction of relations with clients without causing any conflict of interest during the performance of capital market activities, informing our shareholders in correct, complete and timely manner, making objective commentaries on markets.

Social Responsibility: To spend maximum effort in order that primarily our employees, the environment and other internal and external entities get maximum benefit while trying to meet our objectives of growing and making profit.

Information Policy

The main purpose of the Information Policy is to transmit the necessary information and declarations, which are not within the scope of trade secret, to shareholders, investors, employees, customers and other related parties equally, on time, correctly, completely, comprehensible, easy and to the most possible minimum costs.

The Information Policy of IS Investment has been accepted by the Board of Directors and disclosed to the public.

The Main Frame of the Information Policy

IS Investment makes declarations and gives information about developments, which do not carry any trade secret characteristics within the frame of the Turkish Commercial Code, applicable regulations and the Capital Market Law in particular and which could affect the investment decisions of investors and the value of our capital market instruments traded at the exchange and while doing so it follows the corporate governance principles.

The main purpose of the Information Policy is to transmit the necessary information and declarations, which are not within the scope of trade secret, to shareholders, investors, employees, customers and other related parties equally, on time, correctly, completely, comprehensible, easy and to the most possible minimum costs.

IS Investment, which makes an active approach regarding the adoption and application of the corporate governance principles, also puts in great effort to public disclosure and briefing about applicable regulations and to accomplish the best practices on an international basis. The information policy of IS Investment has been prepared within the above-mentioned scope, approved by the Board of Directors and put into effect.

Power and Responsibility

The information policy has been prepared by the Board of Directors. In IS Investment, the public disclosure and the monitoring, inspection and development of the information policy is the power and responsibility of the Board of Directors. The Investor Relations department and the Assistant General Manager, who receives the reports of this department, are responsible for the coordination of the information function. The aforesaid authorized persons fulfill their duties in close cooperation with the Board of Directors and the Audit Committee.

Some of the Methods and Instruments used for Public Disclosure

Some of the methods and instruments to inform the public about the capital market regulations, the Turkish Commercial Code and other applicable regulations and the used instruments and applied methods are given below:

- The material event statements about the developments, which could affect the investment decisions of investors and the value of our capital market instruments traded at the exchange within the scope of the capital market regulations are reported to the concerned stock exchange or if necessary to the Capital Markets Board accurately and on time. The material event statements are signed by the authorized persons, whose names have been announced to the concerned stock exchange and they are published on our web site the same day in Turkish and in English and submitted for the investors' information.
- The financial statements, which have been prepared according to the capital market regulations, are delivered to the Istanbul Stock Exchange and to the Capital Markets Board within legal periods and then published on the web site of IS Investment.

Information Policy

- The Board of Director's annual and quarterly reports including the minimum information according to the concerned regulations are disclosed to the public together with financial statements. The annual report is prepared according to given times in the corporate governance principles and before the Annual General Meeting of Shareholders every year, submitted for the shareholders' information. In case the report is requested in printed version, it can be obtained by the Investor Relations department.
- If necessary press statements are made via media by the Chairman, the General Manager or his/her representative or by other authorities, who are approved by the aforesaid persons. During the press statements, necessary steps are taken to protect the trade secret, which has not been disclosed to public yet.
- The teleconferences, organized during various times and the road shows, organized on a national and international basis provide shareholders and other related parties with necessary information. The investor presentations in these information meetings and other information giving documents are published on our web site to inform our individual investors as well. If it is within the bounds of their responsibility the General Manager, concerned managers and Investor Relations department's managers attend these meetings organized by the Investor Relations department. If it is considered necessary the mentioned contact teams can also be extended.
- Investor Relations department submits all necessary information, particularly our financial and market performance, to shareholders and is necessary to rating agencies and to corporations, which prepare research reports about IS Investment and it is made sure that the information is interpreted correctly.
- All questions, asked by the shareholders by means of e-mail, mail, phone or during face-to-face meetings, are answered by the coordination of the Investor Relations department and while doing so necessary steps are taken to protect the confidentiality of trade secret.
- If there are news or reports with different contents than the already announced information in order to inform the public published by press organs on a national basis in particular traded at the exchange and if they are important enough to affect the investment decisions of investors and the value of our capital market instruments traded at the exchange, then Investor Relations department makes necessary announcements to the public without waiting for any warning, notice or request from the Capital Markets Board or any other responsible board. In addition to this, necessary disclosures are made whether the news or reports, which do not require a public disclosure liability according to applicable regulations, affect the investment decisions of investors and the value of our capital market instruments traded at the exchange and if it is considered necessary the public is informed via material event statements. The Investor Relations department takes the necessary measures to closely monitor the news and reports announced by press organs or released to the public.

Information Policy

IS Investment Corporate Web Site (www.isinvestment.com)

The “Investor Relations” sections of our corporate web site with Turkish and English language options are used as active information tools to carry out the information policy of our company and to inform the public.

Our Investor Relations web site provides any kind of information, considered necessary by the corporate governance principles and regulatory authorities, including information such as investor presentations about our annual and quarterly market and financial performance, Company policies and the Annual General Meeting of Shareholders, research and rating reports published about our company and share price performance. The Investor Relations section of our web site is regularly updated by the Investor Relations department and used as an active information tool.

Persons with Administrative Responsibility and Protection of the Trade Secret

The Board of Directors, Auditors and Executive Board Members of IS Investment are considered as “Persons with Administrative Responsibility” because they have regular direct and indirect access to trade secret due to their duties and they have the authority to make decisions, which could affect the commercial goals of the company.

Apart from that, information about which authorities will declare the material event statements to the public and how the confidentiality of the trade secret will be protected is determined by our internal regulations and announced to our employees.

In addition to this, the people, who are among the “List of persons, who have access to trade secret”, which is updated regularly, are informed in written form and against signature about the protection of the confidentiality of the trade secret and the responsibility not to use this information in the trade of capital market instruments of IS Investment.

Risk Management Policy

Risk Management Department ensures that these risks are properly identified, monitored, measured and managed proactively throughout the firm.

Effective risk management is fundamental to success in financial services industry as a basic expectation of shareholders, regulators and customers needs expands. In a challenging and changing risk business environment, however the bar on what forms effective risk management concept is constantly being raised. Risk measurement & management activities is an integrated part of IS Investment's core business activities which operates separately in the whole organization. In the course of management its business operations, IS Investment can be exposed to a variety of risks. These risks basically operates as market, credit, liquidity, process, and other risks that are material and require comprehensive proactive controls and management. The responsibility and accountability for these risks remain primarily with in the businesses. Risk Management Department ensures that these risks are properly identified, monitored, measured and managed proactively throughout the firm.

Risk Management Vision & Strategy

- Risks should be fully understood and managed transparently throughout the organization,
- Risk management function is independent from risk taking in the group,
- Corporate risk policy boundaries are defined in a detail manner with risk procedures and catalogues,
- Business units allocate risk taking capacity to optimize their risk-adjusted performance within risk management brief constraints,
- Corporate risk measures that drive risk monitoring and control activities are targeted for business performance evaluations,
- Risk management group should achieve of forecasting financial positions risks over time,
- Risk is measured and managed by people, not only mathematical sophisticated models,
- Business decisions are taken by considering the risk and return of the possibilities

Risk Management Policy of IS Investment is disclosed to our shareholders and all related parties via our website.

IS Investment's Policy in Struggle against Laundering of Criminal Revenues and Financing of Terrorism

Since international public becomes increasingly sensible to the laundering of criminal revenues and financing of terrorism, numerous countries perform legal arrangements in connection with this matter and reinforce their existing practices. In our country also various legal arrangements have been made in this subject and the same sensibility has been shared by Turkish people.

Having an esteemed and reliable position in international domain, IS Investment considers the struggle against laundering of criminal revenues and financing of terrorism beyond conformity to legal arrangements, as a social responsibility taking into account the destruction caused by this subject in social life and gives importance to this struggle. Our Company considers also the said struggle as an important factor of the conformity and integration to international system.

IS Investment's policy aiming to prevent laundering of criminal revenues and financing of terrorism is based on international agreements and initiatives of which Turkey is a Party, on the relevant legislation and most particularly, on the faith and determination to protect the brand's reputation and reliability.

In this context, IS Investment aims:

- To protect IS Investment's reputation and reliability while continuing its financial activities,
- To ensure the conformity of internal arrangement, application, follow up, reporting and control methods to the laws and arrangements,
- To prevent the use of IS Investment in order to launder criminal revenues and finance terrorism by means of internal application, follow up and reporting systems.
- To ensure that our employees are informed on legal obligations and principles related to the matter,
- To protect the client quality by observing the principles and procedures of "Knowing the Client",
- To ensure required harmony and collaboration in international agreements and relations with correspondents.

Knowing the Client

Policies, principles and practices conforming to legal regulations have to be adopted within the concept of "Knowing the Client" as the most efficient way to be protected against the launderers of criminal revenues. The objective is to ensure the clarity of client transactions and information, to establish and maintain a relation based on mutual confidence.

The whole context of IS Investment's Policy in Struggle against Laundering of Criminal Revenues and Financing of Terrorism can be reached at www.isinvestment.com

Ethical Principles

IS Investment behaves in line with honesty and transparency principles in its relations with Association of Capital Market Intermediary Institutions of Turkey and other Public Organizations and Institutions.

It is necessary that capital markets transactions should be continued in line with purpose of increasing social and economic benefit, protecting the brokerage profession's prestige and developing the same, behaving fairly and honestly during relations with customers and not causing any unfair competition and within the framework of administrative and legal arrangements and general principles that were included below. Employees, state, organization and institutions reporting to the state should know about the laws, communiqués, regulations and arrangements issued by regulatory authorities and Professional organizations managing the brokerage institutions' activities and should obey said legal regulations.

- Honesty and Fairness
- Professional Due Diligence
- Transparency
- Using the Resources Effectively
- Caring for Competition and Social Benefit
- Struggle against the Criminal Revenues and Financing of Terrorism
- Customer Relations
- Relations with Other Intermediary Institutions
- Prevention of Unfair Competition
- Relations with Employees
- Announcements and Advertisements

IS Investment behaves in line with honesty and transparency principles in its relations with Association of Capital Market Intermediary Institutions of Turkey and other Public Organizations and Institutions, it shows necessary care for correct, complete and timely delivery of any information, document and records that are likely to be demanded by Association and organizations and institutions that are authorized to request them for the audit and control purposes in line with legislation and behaves in a manner which shall facilitate the working of said personnel.

The whole context of Ethical Principles of IS Investment can be reached at www.isinvestment.com

Corporate Governance Principles Compliance Report

IS Investment exemplifies the corporate approach represented in Turkey by the “IS” emblem in the sector.

1. Corporate Governance Compliance Report

As a developing country, increasing the quality and quantity of international capital attracted to Turkey is so essential. We experienced a financial fluctuation called mortgage crises in the world that was not seen as a serious and a long-term problem to affect the markets deeply, especially for the developing countries. However, the called mortgage crises showed its affect in a short time that it was a so far worse crises than it was assumed and caused the world economies, especially US economy, to face with the recession risk. These developments which affected the developing countries even late, made the companies and all other related parties to put an emphasis on the concept of “Corporate Governance” once again.

The Company exemplifies the corporate approach represented in Turkey by the “IS” emblem in the sector. IS Investment is aware that a solid strategy for good governance may be achieved through effective risk management and internal control mechanisms, setting ethical rules, carrying out full public disclosure under the scope of the existing information policy and transparent execution of Board activities.

In accordance with the principles of corporate governance, IS Investment manages the rights and responsibilities of all involved parties, shareholders, employees, customers, funders, potential investors and media institutions with the universal principles of accountability, equality, transparency and responsibility are encompassed within the perspective of effective management and control.

Performing its activities in accordance with the ethical values determined in parallel with the Turkish Commercial Code, Capital Markets Law and related legislation, IS Investment is in compliance with the Corporate Governance Principles and deems them as important as financial performance for providing long-term added value for its investors.

PART I - SHAREHOLDERS

2. Investor Relations Department

IS Investment demonstrated the emphasis it places on its relationship with investors by establishing an Investor Relations Department prior to its IPO in order to implement the necessary work for fulfilling public disclosure requirements and for maintaining healthy shareholders and stakeholders relations.

The Investor Relations Department is responsible for public disclosure and information activities. The main activities of the Department are to:

- Disclose all information concerning shareholders and stakeholders without divulging any trade secrets, under the scope of the Capital Markets Law and the related legislation, in accordance with the Corporate Governance Principles,
- Submit material event statements to the ISE periodically and within methods stipulated in the specified regulations under the scope of the Capital Markets Legislation and to publish these statements on the website to the attention of all investors,
- Maintain solid relationships with existing and potential investors,
- Hold General Meeting,
- Inform shareholders and stakeholders in a timely manner, accurately, easily, in full and at the lowest possible cost, by ensuring that information and data required by Corporate Governance Principles are updated in both Turkish and English on Investor Relations pages at the official web site of the company.

Corporate Governance Principles Compliance Report

The Investor Relations Department has provided in-depth answers to all information requests submitted by phone or e-mail under the scope of the capital markets legislation and IS Investment Information Policy; teleconferences have been held with investors and participated in meetings with various investors.

In addition, IS Investment's Turkish and English websites are regularly updated with relevant developments and are thus used as an informational tool for ensuring that shareholders' exercise their right to complete information. The Investor Relations Department reports to the Board of Directors periodically.

The Investor Relations Department is also responsible for the responsibilities which come from the capital market legislation and the coordination of the corporate governance practices of IS Investment.

Investor Relations contact information, publicly disclosed on IS Investment's website is provided below;

Mert Erdoğan
Assistant General Manager

Level of Education

M.A.

Capital Markets Activity License Type:Advanced

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Fax : +90 212- 350 20 01

E-mail : merdogmus@isinvestment.com

Ozan Altan
Vice President

Capital Markets Activity License Type:

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Governance Rating Specialist

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E-mail : oaltan@isinvestment.com

3. The Use of Shareholders' Rights to Obtain and Evaluate Information

During the year, the Investor Relations Department was asked about IS Investment's financial highlights, markets performance, General Meeting, dividend policy, new products and investment policies for the future. Questions directed by investors were answered as soon as possible, under the scope of the IS Investment Information Policy announced on the corporate website concurrent to the IPO. It was ensured that the disclosed information did not constitute any trade secrets.

The electronic environment has been effectively utilized concerning developments that may impact on the exercise of shareholders' rights. Material event statements submitted to the ISE are also published the same day on IS Investment's website, in both Turkish and English. In addition, investor presentations and other changes in Company structure are also immediately updated on the website. Significant issues in these announcements are forwarded to leading press institutions as press releases.

Besides that, information about IS Investment's stock performance is also published on the Company website to the attention of investors.

The right to request appointment of a special auditor is not included as a personal right in the Articles of Association which stipulates that this right applies to shareholders representing at least 5% (five percent) of the Company capital as set forth in the Capital Markets Law.

4. Information about on Annual General Meeting of Shareholders

IS Investment held its Annual General Meeting (AGM) on April 27, 2009. Invitation for this second AGM after our IPO was announced by material event statement via ISE, two country-wide and reputable newspaper and our website three weeks before the date of the AGM in accordance with the Turkish Commercial Law, capital markets legislation and the corporate governance principles;

The list of attendees revealed that out of the 119.387.000 shares representing the Company capital of TL 119,387,000, 84.189.173 shares in person, 8.018.704 shares by proxy; totally the amount of TL 92.207.877 shares were represented at the meeting and thus the meeting quorum stipulated in both the related law and in the Articles of Association was fulfilled.

The agenda and proxy samples and minutes of the AGM held by IS Investment have been published on the website of the Company to the attention of both shareholders and stakeholders.

The Articles of Association do not include a provision that significant decisions regarding the divisions, purchase, sale or lease of tangible/intangible assets in significant amounts and similar activities be taken by the AGM to enable decisions to be taken with no delay in a rapidly changing conditions of capital markets that is under the effects of an increasing competition.

5. Voting Rights and Minority Rights

There are no voting rights privileges, however, Class-A shareholders have privileges to designate candidates for the Board of Directors. Five members of the Board are nominated from among Class-A shareholders, while two of them are nominated from among Class-B shareholders.

There are no cross ownership associated with any company and minority shareholders are not represented in the Board.

6. Deadline for Dividend Policy and Timing

Distribution of the first obligatory dividend of the distributable profit at the price and amount determined by the Capital Markets Board has been adopted as a principle of Article 16 in the Articles of Association; there is no stipulation concerning advance dividend distribution to shareholders.

The Board of Directors aims to increase the Company's diversity of activity and services, as well as to provide a high profit return for its shareholders. In accordance with the related legislation, the Board of Directors takes the following into consideration:

- a) Maintaining a balance between the expectations of the shareholders and the growth policies of IS Investment,
- b) The general profitability of the Company. Based on these conditions, the Board of Directors has adopted a dividend policy whereby the dividend payment would not be less than 30% of the total distributable profit and would be distributed as cash and/or stock dividend.

If it is decided in the AGM to pay a dividend, efforts will be made to make payments as soon as possible and within the period specified in the related legislation.

There are no redeemed shares or privileged shares in terms of dividend distribution.

IS Investment's Dividend Policy will be disclosed to shareholders in the first AGM to be held as a listed company. IS Investment's Dividend Policy has been publicly disclosed on the corporate website.

7. Transfer of Shares

The Articles of Association stipulate that there is no restriction on the transfer of shares in accordance with the conditions set forth in Capital Markets Legislation.

Corporate Governance Principles Compliance Report

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Policy

IS Investment's Information Policy has been determined by the Board of Directors and was announced on the corporate website. At IS Investment, the Board of Directors bears the responsibility for the fulfillment of public disclosure and the monitoring, maintenance and development of this disclosure. The Investor Relations Department and the Assistant General Manager responsible for this Department have been assigned the coordination of this disclosure function; they fulfill this task in close collaboration with the Board of Directors and the audit committee.

9. Material Event Statements

Material event statements, excluding information constituting trade secrets, are all significant activities for the Company and may impact on the value of Company shares and investment decisions and they must be submitted to the ISE and when necessary to the CMB, utilizing the correct methods and within the time stipulated in the current legislation. IS Investment fulfills this significant responsibility for public disclosure with the utmost fastidiousness. During the period, 142 material event statements were submitted to the ISE for IS Investment and the ETFs established by IS Investment; "IS Investment Dow Jones Turkey Equally Weighted 15 A Type Exchange Traded Fund" and "IS Investment iBoxx Turkey Benchmark Bond Exchange Traded Fund". No additional statement requests were made by the CMB or the ISE for the related statements.

IS Investment shares are not listed on a foreign stock market.

10. The Company's Website and its Contents

IS Investment websites, available in both Turkish and English, can be found at www.isyatirim.com.tr and www.isinvestment.com. Information on the following topics is provided for shareholders and stakeholders under the heading, Investor Relations, as stipulated in the relevant section of the CMB Corporate Governance Principles;

- Corporate Information,
- Vision, Mission and Corporate Values
- Trade Registry Information,
- Ownership Structure & Subsidiaries
- Articles of Association,
- The Board of Directors and Executives,
- Organization Structure,
- Rating Reports,
- Company Reports,
- Corporate Governance Principles Compliance Report
- Declaration of the Independent Member of the Board.
- Policies on Anti-Money Laundering and on Combating Finance of Terror,
- Dividend Policy,
- Ethical Principles,
- Risk Management,
- Information Policy,
- Investor Relations Contact Details,
- Public Offering Circular,
- Financial Statements and Independent Auditor Reports,
- Investor Presentations,
- Annual Reports / Quarterly Reports
- Invitation to Ordinary General Meeting of Shareholders,
- Agenda of the Ordinary General Meeting of Shareholders Minutes,
- Power of Attorney,
- Minutes of Ordinary General Meeting of Shareholders,
- Stock Performance,
- Privileges Assigned to Shares,
- Capital Increases,
- Material Event Statements,
- Contact Information

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder(s)

IS Investment has no ultimate controlling individual shareholder(s). The ownership structure of IS Investment is published on the website to the attention of shareholders and stakeholders.

12. Disclosure by Insiders

All manipulation of previously undisclosed public information that may effect on the value of capital market instruments, for deriving personal benefit or benefit for third parties or for making up for losses, in a way as to disrupt the equality of opportunity in capital markets are deemed insider trading.

The procedures for the act of insider trading are set forth in IS Investment Personnel Regulations. Accordingly, IS Investment employees may not disclose any information obtained about individuals, institutions and customers due to their titles and duties, to any party other than authorities clearly expressed by law. In addition, IS Investment employees and their relatives may not engage in the purchase or selling of shares.

Individuals who may have access to insider information include Board members listed in Part IV, the General Manager, Assistant General Managers and any other individual who may possess information that may qualify as trade secrets based on their position.

PART III - STAKEHOLDERS

13. Informing stakeholders

IS Investment employees, investors, analysts and media institutions are kept informed within the shortest possible time and accurately about material events.

Material event statements submitted to ISE concerning important developments about IS Investment are published on the corporate website the same day they are submitted, in both Turkish and English, to the attention of stakeholders. In addition, press releases are forwarded to media institutions after material event statements that may stir public attention.

14. Stakeholders' Participation in the Company Management

Stakeholders may ask the Board of Directors to convene upon application to the Chairman; the Chairman may open the issue for discussion at the next Board meeting if the Chairman concludes that it is not necessary to convene immediately, as stipulated in the Articles of Association of the Company.

IS Investment employees who hold a very special place among stakeholders have been provided the opportunity to deliver their opinions and suggestions concerning Company management through both the Human Resources Manager and their own managers, in addition to the above-mentioned right.

Corporate Governance Principles Compliance Report

15. Company Policy on Human Resources

IS Investment established its policy on human resources and disclosed to public on the corporate website.

Commitment to ethical values, continuous development and customer-oriented approach are the values embraced in IS Investment's Human Resources Policy. The principle to provide equal opportunities to candidates equally is adopted as recruitment policies and career planning is determined. An increase in authority, responsibility and salary comes with the promotion. It is essential to have the necessary knowledge and experience required in the job description in order to be promoted to a higher position. The most important criteria in promotions is the performance of the employees.

IS Investment's main training policy is to provide equal opportunity and to contribute to the professional and personal development of its employees.

Job descriptions, performance and remuneration criteria of employees are determined by the Company and shared with the employees. IS Investment's performance management system is an integrated system in which both goals and competencies are assessed. Performance review is based on objective analysis and synthesis, designed to determine the extent to which employees meet job requirements as well as their success on the job.

Measures are taken to prevent any discrimination based on religion, language, race and gender; to show respect for human rights and to protect employees against any physical, psychological and emotional maltreatment in the Company. No complaints concerning these subjects have been received.

A representative has not been appointed to manage relations with the employees in accordance with the stipulations in article 14.

16. Information on Relations with Customers and Suppliers

IS Investment utilizes a customer-oriented investment banking approach and provides capital market services to its clients in line with its ethical values. Concurrent with these aims, the Company strives to identify client needs by analyzing changing market conditions and increasing demands by investors along with the development of products and services able to fulfill these needs.

Investment advisors charged to manage relationships with the customers with the goal of increasing the value of customers' assets. This is achieved by utilizing the most suitable financial tools based on the risk-return expectations of the client.

A customer satisfaction survey was conducted in 2008 and feedback was collected according to the results.

IS Investment has no suppliers due to its field of activity.

17. Social Responsibility

IS Investment is an important player in Turkish capital markets with the level of employment provided by its founder and main shareholder IS Bank and its subsidiaries. This has grown out of an awareness of its social responsibilities - one of its core management principles.

In addition to IS Investment's contributions to the Turkish economy, it also provides support to the community in a variety of social fields with its approach to employees and the support given to NGOs, educational institutions, scientific projects, athletics, the arts and cultural events.

The activities of IS Investment have no contradiction to the environmental legislations and the Company has not faced any legal enforcement in this regard.

PART IV - THE BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

The Board of Directors*

| | |
|-----------------------|--------------------|
| Özcan Türkakın, | Chairman |
| Güzide Meltem Kökden, | Vice Chairman |
| Emre Duranlı, | Member |
| Turan Gökçen Bali, | Independent Member |
| İzlem Erdem, | Member |
| Serpil Kılıboz, | Member |
| Ebru Özşuca, | Member |

*Members of the Board do not play an executive role at IS Investment.

Executives

| | |
|--------------------|-----------------------------------------------------|
| İlhami Koç, | General Manager |
| Murat Kural, | Assistant General Manager (Dep. General Manager) |
| Ufuk Ümit Onbaşı, | Assistant General Manager |
| Ertuğ Yıldırımcan, | Assistant General Manager |
| Mert Erdoğan, | Assistant General Manager |
| Funda Çağlan | |
| Mursaloloğlu, | Assistant General Manager |

It is stipulated in the Articles of Association that the General Manager cannot concurrently serve as Chairman of the Board of Directors.

The qualifications of independent board members are expressly set forth in the CMB Corporate Governance Principles. In line with its status in capital markets, IS Investment is of the opinion that an independent member possessing the above-mentioned qualifications and the capacity to make significant contributions to the Company should hold a seat on the Board of Directors. With this approach, Mr. Turan Gökçen Bali, for the second time, has been assigned as the Independent Board Member by the AGM held on 27/04/2009 until the date of the next AGM. The "Independence Declaration" of the independent board member has been disclosed to public by IS Investment's website and annual/quarterly reports.

The conditions by which Board Members may undertake duties outside IS Investment is prescribed by the general rules. However, it has been set forth in the Articles of Association that Board Members will not obtain permission from the AGM for trading with IS Investment nor be exempt from prohibition of competition.

Independence Declaration

To the Board of Directors of IS Investment;

I hereby declare to the Board of Directors, shareholders and stakeholders that I fulfill the below mentioned requirements due to be elected to the Board of Directors as an Independent Member at the Annual General Meeting which was held on 28th of April, 2008 and take into consideration with Corporate Governance Principles of CMB;

- I do not have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between the Company, its subsidiaries, affiliates or any other group company and myself, my spouse and my blood or affinity relatives by up to the third degree within the last two years,
- I was not previously elected to the Board of Directors as a representative of a certain group of shareholders,
- I was not employed in a company, primarily for the audit and consultant firm, which undertakes full or partial activity or organization of the Company under a contract and did not have a managing position therein within the last two years,
- I was not previously employed by the external auditor of the Company or did not have been included in the external audit process within the last two years,
- I was not previously employed by a firm providing significant amounts of services and products to the Company and did not have a managing position therein within the last two years.
- For my spouse of any her relatives by blood and affinity up to the third degree, did not have a managing position or be a shareholder holding more than 5% of the total capital or controlling shareholder by all means, or did not hold a managerial position or not to be effective in the control of the Company,
- I do not receive any compensation other than the board membership compensation.

Yours Sincerely,
Prof. Dr. Turan Gökçen Bali

Corporate Governance Principles Compliance Report

19. The Qualifications of Board Members

All Board members are university graduates and managers experienced in their fields. In this respect, qualifications for IS Investment Board of Directors comply with the specifications listed under the relevant articles of the CMB Corporate Governance Principles.

The Articles of Association also embody the condition that more than half of the Board Members must hold a university degree.

20. Mission, Vision and Strategic Goals of the Company

The Board of Directors has defined IS Investment's mission and vision and disclosed them on the corporate website.

Mission

Our mission is;

- To offer all investment banking services under one entity,
- To produce qualified information, establish information based strategies and create value,
- To be innovative in product and service development,
- To lead the development of capital markets,
- To follow technologic developments and apply them to activities,
- To ensure customer satisfaction,
- To increase the value created for shareholders.

Vision

To be the most preferred leader and reliable investment institution in Turkey and in the region.

Corporate Values

Customer Focused: To be near our customers; to perform correctly the risk-revenue analysis conforming their expectations; to offer services of required and desired quality in order to increase our customers' assets in parallel to this analysis.

Market Centered: To create the highest added value possible for our investors and our corporation basing on the developments by following instantly domestic and international capital markets.

Dynamism and Innovation: To search for the better and the newer through our efficient human resources specialized in their domain, in the most conforming way to market conditions, by respecting our corporate policies and with an endless energy in order to develop continuously our values, services and products.

Confidentiality: To respect confidentiality principles related to the matters of clients' identity, transactions and trade secret which may effect our share value within the context of laws, corporate policies and ethical values.

Reputation: To continue to be the representative of confidence and success atmosphere created by the brand name "İş" that we represent proudly in capital markets.

Esteem the Employees: To ensure continual training and development of our expert staff that we recruit by considering our corporate values with the corporate social responsibility concept; to exert a human resources policy granting equal rights to the ones being under equal conditions by not applying any religious, linguistic and ethical discrimination, within the context of comfortable, secure and specific career plan.

Team Work: To bring the productivity to the highest possible level by creating a synergy combining the division of labor and cooperation, efficient sharing and solidarity.

Respect to Laws, Corporate Governance Principles and Ethical Values: To ensure the best international practice in the domain of corporate governance principles in order to sustain our success in markets and financial performance by respecting the laws and our ethic values through transparent management, efficient risk management and internal mechanism.

Perfectionism: To be conscious that one can be even better if he always endeavors to be the perfect.

Objectivity and Impartiality: To ensure conduction of relations with clients without causing any conflict of interest during the performance of capital market activities, informing our shareholders in correct, complete and timely manner, making objective commentaries on markets.

Social Responsibility: To spend maximum effort in order that primarily our employees, the environment and other internal and external entities get maximum benefit while trying to meet our objectives of growing and making profit.

Strategic goals related to IS Investment activities are prepared and presented to the Board of Directors in a report authored by managers. In this report, in addition to macroeconomic evaluations, information and expectations related to domestic and international markets are shared. Strategic goals determined in accordance with this information and the Board of Directors approves expectations after reviewing the performance of the previous period.

21. Risk Management and Internal Control Mechanisms

Effective risk management is fundamental to success in the financial services sector since requirements of shareholders, regulators and customers are continuously increasing. On the other hand, in a challenging and changing risk management environment, the level of effective risk management activities is constantly being raised. Risk measurement and management activities are integrated in IS Investment's core business activities; as a result, the Risk Management department, which operates separately within the whole organization, was restructured in 2006 as a department.

In the course of managing its business operations, IS Investment might be exposed to a variety of risk. Proactive control and management activities are basically achieved related to market, credit, liquidity and operational risk categories.

An effective internal audit system, covering internal control and audit activities has been established. The organizational plan applied at IS Investment and all the relevant rules and procedures is undertaken in transactions at IS Investment including non-central organizations, regularly, efficiently and effectively in accordance with the current internal and legal regulations. In addition, this system has been established to maintain the integrity and reliability of accounting and recording, to provide timely and correct access to information in the data system and to detect and prevent mistakes, forgeries and unlawful practices.

In addition, an audit system has been created covering all activities and units at IS Investment, primarily within the internal control system, which enables evaluation of these fields and includes the systematic auditing process where findings and evidence are obtained as a result of reporting and reviewing. The audits are performed by inspectors to conform with the regulations and policies and are independent of IS Investment's daily activities, in accordance with the needs of management.

The Compliance Department in particular, and all units in general, show the utmost care in protecting the Company's reputation and with regard to liabilities arising from legislation, compliance to corporate principles, customer satisfaction, reputation and credibility.

22. Authorities and Responsibilities of Board Members and Executives

The Board of Directors bears the responsibility to represent IS Investment as set forth in the Articles of Association. The Board of Directors may transfer its management and representation-related duties and authorities, in part or in full, to delegated Board Members and managers who are not obliged to be shareholders, in accordance with the Article 319 of the Turkish Commercial Code.

The Board of Directors fulfills activities under the scope of the Turkish Commercial Code, Capital Markets Law and related legislation.

Corporate Governance Principles Compliance Report

23. Operating Principles of the Board of Directors

At IS Investment, the Board of Directors convenes at least once a month. The Board of Directors may meet more frequently when it is deemed necessary. The meeting's agenda is determined by the General Manager and within the knowledge of the Chairman; the Chairman or his/her proxy announces the meeting by invitation.

As noted earlier, stakeholder(s) representing a minimum of five percent of IS Investment capital and stakeholders defined in the Corporate Governance Principles publicly disclosed by the Capital Markets Board of Turkey may invite the Board of Directors to convene by applying to the Chairman.

An Assistant General Manager has been appointed as "Reporter" to notify Board members and establish communication.

Board Members do not have weighted voting rights and/or the right to veto during a meeting.

24. Prohibition of Carrying out Transactions with the Company and Prohibition of Competing with the Company

Board Members will not receive permission from the AGM to carry out trade with IS Investment; nor will they receive exemption from the prohibition of competition as stated in the Articles of Association, in accordance with the Articles 334 and 335 of the Turkish Commercial Code.

25. Ethical Rules

The Board of Directors formulated a code of ethics in parallel with the regulations of the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB) with the aim of increasing social and economic benefits, preserving the dignity of the brokerage vocation and preventing unfair competition in addition to legal and administrative regulations. The employees of IS Investment have been notified of the code of ethics in written format.

The code of ethics of IS Investment has also been publicly disclosed on the corporate website in accordance with IS Investment's information policy.

26. Numbers, Structures and Independency of Committees Established by the Board of Directors

It has been set forth in the Articles of Association that in order to fulfill its duties and responsibilities beneficially, the Board of Directors may set up committees and departments required by legislation and approved by the Board. The Board of Directors will observe Corporate Governance Principles disclosed by the CMB to set up these committees and departments.

In this respect, a Committee Responsible for Audit and a Credit Committee was established within IS Investment's Board of Directors. The Committee Responsible for Audit is composed of the Chairman Mr. Özcan Türkakın, Ms. Güzide Meltem Kökden and Mr. Emre Duranlı.

This Committee convenes at least four times a year on the condition that the time between two meetings shall not exceed three months. The committee determined the results of executed activities, precautions that should be taken in the Company, other necessary implementations and other issues vital to maintaining IS Investment's activities securely and reports these results to the Board of Directors. The reporter for the Board of Directors is responsible for following up the activities of the Committee.

The Credit Committee is structured under the leadership of a responsible Board Member appointed by the Board decision. The Committee convenes when necessary.

27. Remuneration of the Board of Directors

Monthly salaries and attendance fees for Board members are determined by the AGM, as stated in the Articles of Association.

It has been decided in the Ordinary General Meeting of Shareholders held on April 27, 2009 that the salary of board members are determined as gross TL 5.000/month. A performance-based remuneration system is not implemented for determining the financial rights of Board members.

At IS Investment, Board members and executives do not engage in transactions with the Company such as lending money, extending credit or providing guarantees.

IS YATIRIM MENKUL DEĞERLER A.Ş.

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