

**İS YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

ANNUAL REPORT FOR 2022



Guney Bagimsiz Denetim ve SMMM A.S.
Maslak Mah. Eski Buyukdere Cad.
Orjin Maslak Is Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sariyer
Istanbul - Turkiye

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Trade Registration Number: 479920
Mersis (Central Registration System)
Number: 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT FOR THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders' General Assembly of Is Yatirim Ortakligi Anonim Sirketi,

1) Opinion

We have audited the annual report of Is Yatirim Ortakligi Anonim Sirketi (the "Company") for the accounting period between January 01, 2022 and December 31, 2022.

According to our opinion; the financial information in the annual report, issued by the board of directors, are in conformity with the scrutiny by the Board of Directors regarding the status of the Company, full-set financial statements audited from all important aspects, and all information we have obtained during the independent audit, and they do accurately reflect the same.

2) Basis of the Opinion

The independent audit we have conducted has been carried out in accordance with the independent auditing standards, which have been promulgated by the Capital Markets Board of Turkiye, and also the Independent Auditing Standards (IAS) which constitute a part of the Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). The responsibilities, assumed by us as part of these Standards, are explained in detail in the section titled *Responsibilities of the Independent Auditor Regarding Independent Auditing of the Annual Report* hereunder. We hereby declare that we are independent from the Company in accordance with the Code of Ethics for Independent Auditors, promulgated by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"), as well as the provisions on ethics prescribed under the applicable regulations on independent audit. The other responsibilities on ethics, prescribed under the Code of Ethics and the said applicable regulations, have been fulfilled by us. We believe that the independent audit evidence, we have obtained during the performance of the said independent auditing, constitutes an appropriate and sufficient ground for the composition of our opinion.

3) Our Audit Opinion on the Full Set of Financial Statements

We have provided a favorable opinion in our auditor's report dated January 27, 2023 regarding full set financial statements in relation to the accounting period between January 01, 2022 and December 31, 2022.

4) Responsibility of the Board of Directors Regarding the Annual Report

As per sections 514 and 516 of the Turkish Commercial Code ("TCC") Nr. 6102, and the " Communiqué on Principles Regarding Financial Reporting in Capital Markets" Serial II; No: 14.1, promulgated by the Capital Markets Board ("CMB"), the management of the Company shall be responsible for fulfillment of the below-given matters regarding the annual report:

- a) It shall draw up the annual report within a period of three months following the date of balance-sheet, and submit the same to the shareholder's general assembly.
- b) It shall draw up the annual report in a manner to reflect the flow of the Company's activities, and its financial condition for the respective year accurately, perfectly, directly, realistically and fairly. The financial condition shall be evaluated in line with the financial statements hereunder. Furthermore; the growth of the Company, as well as any possible risk it might face shall be indicated clearly. The considerations of the board of directors with respect to such issues shall also be included in the report.



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c) The annual report shall also include the below-listed matters:

- Any incident which has arisen within the organization of the Company following completion of the accounting year and which is of particular importance;
- The research and development activities of the Company;
- The material benefits granted to the members of the board of directors, and the senior executives such as remuneration, premium, bonus, etc., as well as allowances, traveling, accommodation and representation costs and expenses, and any benefit, either in kind or in cash, insurances and such other coverage.

While drawing up the annual report, the board of directors shall also consider the secondary regulatory arrangements performed by the Ministry of Customs and Trade, and the concerned bodies.

5) Responsibilities of the Independent Auditor Regarding Independent Auditing of the Annual Report

Our purpose is to deliver an opinion regarding the fact that whether the financial information, included in the annual report, and the scrutiny by the Board of Directors are consistent with the audited financial statements of the Company, as well as the information we have obtained during the independent audit, and that whether they do reflect the truth, or not, and then, to draw up a report covering our opinion, in line with the provisions of the TCC and the Communiqué.

The independent audit, we have conducted, has been carried out in accordance with the Independent Auditing Standards (IAS), and the independent auditing standards promulgated by the Capital Markets Board. Such standards require ensuring compliance with the ethical provisions, and also planning and performance of independent auditing to obtain a reasonable assurance in respect of the fact that whether the financial information, available in the annual report, as well as the scrutiny by the Board of Directors are consistent with the financial statements and the information obtained during the audit, or not, and also that whether such information reflects the truth, or not.

Fatih Polat has acted as the auditor in charge who has conducted and finalized this independent audit.

(OFFICIAL SEAL)

Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

(SIGNATURE)

Fatih Polat, CPA
Auditor in Charge

(January 27, 2023)
Istanbul, Turkiye

Company's Trade Name	: IS YATIRIM ORTAKLIGI ANONIM SIRKETI
Principal Office	: Istanbul
Date of Incorporation	: 16/08/1995
Field of Business	: Management of the portfolio consisting of capital market instruments and precious metals.
Trade Registration Number	: 367835
Address	: Buyukdere Cad. Is kuleleri Kule 1 Kat: 5 Levent/Istanbul
Telephone – Fax	: 212/ 284 17 10 - 212/ 284 16 70
Website	: www.isyatort.com.tr
Reporting Period	: 01.01.2022 – 31.12.2022
Issued Capital	: TRY 160.599.284
Authorized Capital	: TRY 300.000.000

Our mission is to have the portfolio of our Company managed professionally and in an effective, consistent and rational manner in line with the principle of risk diversification in accordance with the applicable regulations and the articles of association, and also to provide the shareholders with a regular dividend yield by years as aligned with our Dividend Distribution Policy.

Our vision is to update the investment strategy in line with the changing market conditions so as to keep the risk at the optimum level, and to provide the shareholders with a regular dividend distribution, and accordingly, to become a preferred collective investment scheme.

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2022 - 31.12.2022

1. SHAREHOLDING STRUCTURE

The current shareholding structure of the Company is given below. The percentage of the actual outstanding shares of the Company, which does business publicly, is 67.25%.

Shareholders	Group	Shareholding Amount (TRY)	Shareholding (%)
Is Yatirim Menkul Degerler A.S.	A	2.347.411	1.46
Is Yatirim Menkul Degerler A.S.	B	44.106.690	27.47
T.Sinai Kalkinma Bankasi A.S.	B	9.346.475	5.82
Yatirim Finansman Menkul Degerler A.S.	A	1.185.072	0.73
Yatirim Finansman Menkul Degerler A.S.	B	632.039	0.40
Anadolu Hayat Emeklilik A.S.	A	592.536	0.37
Anadolu Hayat Emeklilik A.S.	B	870.929	0.54
Other	B	101.518.132	63.21
Total		160.599.284	100.00

The capital of the Company is divided into 16,059,928,400 shares, the nominal value of each of which amounts to 1 (one) Kurush, and the portion amounting to TRY 4,125,019 of the shares consists of the Group (A) shares, while the portion amounting to TRY 156,474,265 of the shares consists of the Group (B) shares. In respect of election of the members of the Board of Directors; each of the Group (A) shares shall entitle the holder thereof to 1.000.000 (one million) votes, and each of the Group (B) shares shall entitle the holder thereof to 1 (one) vote.

II. BOARD OF DIRECTORS and ORGANIZATIONAL STRUCTURE

The Members of the Board of Directors have been elected at the shareholders' ordinary general assembly meeting, held on March 22, 2022, to hold office until 31.03.2023, and have not been assigned with any executive duty within the organization of our Company.

Full Name	Position	Date of Election
Izlem Erdem	Chairperson	22.03.2022
Onder Topal	Deputy Chairperson	22.03.2022
Prof. Dr. Sule Isinsu Ozmen	Member (Independent)	22.03.2022
Bora Oruc	Member (Independent)	22.03.2022
Hakan Gokhan	Member	22.03.2022
Dr. Cansel Nuray Aksoy (*)	Member	02.09.2022

(*) Ms. Aksoy has been elected to replace Mr. Volkan Kublay who has left the Board Membership by resignation on 02.09.2022.

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2022 - 31.12.2022

The resumes of and the duties assigned to the Members of the Board of Directors are as follows:

IZLEM ERDEM CHAIRPERSON

Izlem Erdem has graduated from the Istanbul Kadikoy Anatolian High School in 1986, and from the Department of Economics (English) at the Faculty of Economics and Administrative Sciences at Marmara University in 1990, and she has attended the Advanced Executive Program at the Harvard Business School in 2016. Having started to hold office as an Assistant Specialist, Economics, at the Economic Research Management Office of T.Is Bankasi A.S. in 1990, Erdem became an Assistant Manager at the said Management Office in 1998 and the Group Manager at the Capital Markets Department of the Bank, in 2004. Erdem, who has been serving as the Department Manager at the Economic Research Department of the Bank since April 2008, became the Chief Economist of T.Is Bankasi in April 2018. In parallel with the offices she held within the organization of the Bank, Erdem has served as a Member of the Supervisory Board and the Board of Directors at Anadolu Hayat Emeklilik A.S. and Is Yatirim Menkul Degerler A.S., and as the Deputy Chairperson at Is Portfoy Yonetimi A.S., and she has been holding office as a member of the Board of Directors of Sisecam since 2015. Additionally, she serves as a member of the Board of Directors at Turkiye Securitization Company (TSC). Ms. Erdem has been serving as the Chairperson of the Board of Directors of our Company as of 22.03.2022.

ONDER TOPAL DEPUTY CHAIRPERSON

Having graduated from the International Relations Department at the Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1993, Onder Topal has started to serve as an Intern Assistant Specialist, Loans, at the Istanbul Intelligence Management Office of T.Is Bankasi within the same year. Mr. Topal became the Assistant Regional Manager at the SME Loans Allocation Department Istanbul Maltepe Regional Management Office in 2003, and the Unit Manager at the Retail Banking Sales Department in 2007, and the Retail Banking Products Department Manager in 2010. Having served as the Sultanhamam/Istanbul Branch Manager in 2011 and as the Hadimkoy Commercial/Istanbul Branch Manager in 2015, Onder Topal has been holding office as the Bakirkoy/Istanbul Branch Manager since June 30, 2020. Mr. Topal has been serving as the Deputy Chairperson of the Board of Directors of our Company as of 22.03.2022.

PROF.DR. SULE ISINSU OZMEN INDEPENDENT MEMBER

Having graduated from the Department of Economics at the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1981, Mrs. Ozmen has completed her master's degree at the Department of Economics, Faculty of Economics and Administrative Sciences, Middle East Technical University and Marmara University, and her doctorate at the Department of Econometrics, Marmara University. Having served as a research associate at the Faculty of Economics and Administrative Sciences at the Middle East Technical University between 1981 and 1985 and Marmara University between 1985 and 1992, Mrs. Ozmen continued her academic career at the Marmara University. She has been serving as a lecturer at the Faculty of Economics and Administrative Sciences at the Istanbul Bilgi University

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since 2009. Mrs. Ozmen has been continuing to serve as a Member of the Board of Directors of our Company since 22.03.2018.

BORA ORUC INDEPENDENT MEMBER

Having graduated from the Department of Economics at the Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1999, Mr. Oruc has started his career as an Assistant Specialist at the Capital Markets Board within the same year. After serving as a Specialist at the Supervision Department and the Intermediation Activities Department at the Capital Markets Board, Mr. Oruc has completed his master of business administration (MBA) program at the Judge Business School at the Cambridge University in 2009. During the period between April 2014 and November 2020, Mr. Oruc has held office as the Vice President in charge of development, regulation, supervision, issuance and recognition processes and activities with respect to the publicly-held companies, capital market instrument issuances, investment firms, corporate investors and the financial infrastructure firms, within the organization of the Capital Markets Board. Having held office as a Member of the G20 Financial Stability Board Regulatory Cooperation Standing Committee during the period between October 2017 and November 2020, Mr. Oruc has also served as the Chairman of the Board of Directors of Merkezi Kayit Kurulusu A.S. during the period between September 2018 and November 2020. At the present, Mr. Oruc holds various offices at OMG Capital Partners, Eliptik Yazilim ve Ticaret A.S., Inveo Yatirim Holding A.S. and Gri Portfoy Yonetimi A.S., and he has been serving as a Member of the Board of Directors of our Company as of 23.03.2021.

HAKAN GOKHAN MEMBER

Born in 1973 in Erzurum, Hakan Gokhan graduated from the Department of Business Administration at the Faculty of Economics and Administrative Sciences at the Dokuz Eylul University. He started to hold office as a Probationary Clerk at the T.Is Bankasi A.S.-Carsi-Kadikoy/Istanbul Branch in 1996. Mr. Gokhan became an Official at the Rihtim-Kadikoy/Istanbul Branch in 2000, and the Sub-Manager at the same branch in 2005 and the Commercial Sales Regional Assistant Manager at the Kocaeli Regional Sales Management Office in 2007. He has been assigned to serve as the Eskisehir Commercial Branch Manager in 2011 and as the Kozyatagi Commercial/Istanbul Branch Manager in 2015 and as the Trakya Commercial/Tekirdag Branch Manager in 2017. Having become the Ikitelli Commercial/Istanbul Branch Manager on January 30, 2020, Mr. Gokhan has been serving as the Bursa Corporate Branch Manager as of July 29, 2022. Mr. Gokhan has been elected to serve as a Member of the Board of Directors of our Company on 22.03.2022.

Dr. CANSEL NURAY AKSOY MEMBER

Having completed her undergraduate education and master's degree at the Business Administration Department at the Gazi University, Cansel Nuray Aksoy completed her doctorate in banking at the Finance Institute at Istanbul Ticaret University. Her career, which has started at the Foreign Exchange and Corporate Marketing departments at the Corporate and Commercial Branches of Is Bank in 1999, continued with the positions at which she served, namely the Internal Control Department Branch audits, Human Resources Department Business Processes

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and Analysis, Hiring and Orientation Training, respectively, and also the tasks she has assumed at the HR transformation programs with the organization of the Change Management Administration. Serving as the Unit Manager at the Subsidiaries Department of Is Bank at the present, Ms. Aksoy also holds office as a member of the Board of Directors at Is Yatirim Menkul Degerler A.S., Yatirim Finansman Menkul Degerler A.S., Is Girisim Sermayesi Yatirim Ortakligi A.S., Efes Varlik Yonetim A.S. and Bati Karadeniz Elektrik Dagitim ve Tic. A.S. and Is Enerji Yatirimlari A.S., Enas Enerji Yatirimlari A.S. Holding office as the Member of the Board of Directors of our Company as of 02.09.2022, Ms. Aksoy is also a member of the Early Risk Identification Committee and also of the Corporate Governance Committee.

MEMBERS OF THE BOARD OF DIRECTORS HELD OFFICE WITHIN THE REPORTING PERIOD

Serkan Ugras Kaygalak	:	Chairperson	(01.01.2022 - 22.03.2022)
Kenan Ayvaci	:	Deputy Chairperson	(01.01.2022 - 22.03.2022)
Volkan Kublay	:	Member	(01.01.2022 – 02.09.2022)

COMMITTEES:

AUDIT COMMITTEE:

Prof. Dr. Sule Isinsu Ozmen	:	Chairperson
Bora Oruc	:	Member

CORPORATE GOVERNANCE COMMITTEE:

Prof. Dr.Sule Isinsu Ozmen	:	Chairperson
Dr.Cansel Nuray Aksoy (*)	:	Member
F.Nilufer Basarir Kutluturk (**)	:	Member

(*) As of 02.09.2022.

(**) The executive in charge of investor relations.

COMMITTEE FOR EARLY RECOGNITION OF RISK

Bora Oruc	:	Chairperson
Dr. Cansel Nuray Aksoy (*)	:	Member

(*) As of 02.09.2022.

MANAGEMENT:

Volkan Kublay (*)	:	General Manager
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(*) As of 05.09.2022.

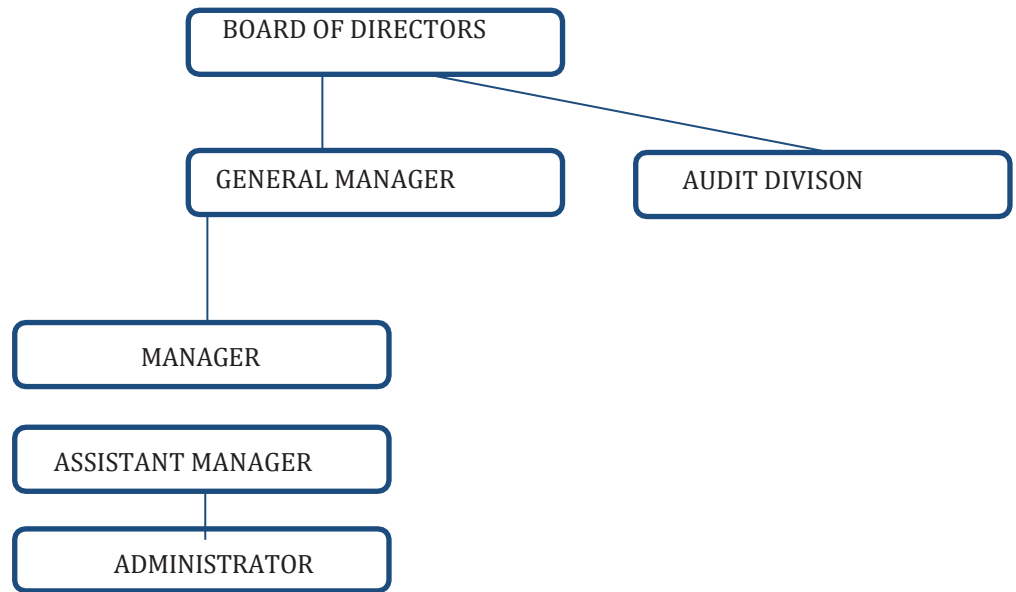
VOLKAN KUBLAY
GENERAL MANAGER

IS YATIRIM ORTAKLIGI A.Ş

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Having graduated from the Department of Economics (English) at the Faculty of Economics and Administrative Sciences at Marmara University in 1998, Volkan Kublay has started to serve as an Assistant Auditor within the organization of the Audit Department at Türkiye İş Bankası A.Ş. in 2000. Mr. Kublay has continued to serve as an Auditor between 2000 and 2008, and he has been appointed to serve as the Assistant Manager at the Subsidiaries Department in 2008, and he has been promoted to the position of Unit Manager in 2012. Having served as a Member of the Board of Directors at various subsidiaries, doing business in the field of finance and capital markets, of T.İs Bankası A.Ş., Mr. Kublay has been appointed as the General Manager of our Company as of September 05, 2022.

ORGANIZATIONAL CHART



The headcount of the Company is 5 as of the end of the year. Our Company does not execute any collective labor agreement, and the relevant regulations and internal regulations are taken as the basis in relation to the benefits granted to the employees.

III. GENERAL ECONOMIC OVERVIEW

The J.P. Morgan global composite PMI (Purchasing Managers Index), which is followed up as the leader indicator for the growth in the world economy, decreased to 48.2 at the end of 2022 following its level which was 54.3 at the end of 2021. In October, it is foreseen in the IMF Global Economic Outlook Report that the global economy will show a weak level of growth by 2.7 in 2023. Inflation gained speed globally upon the increase at the commodity prices due to the recovery of the demand following the pandemic and the issues suffered in the supply chain as well as the war between Ukraine and Russia, which has started in February 2022. While the Central Banks of the developed countries have intervened in such circumstance, it was observed that the annual inflation started to regress in many countries as of the last months of 2022. The annual CPI inflation in the USA, which was reported as 7% at the end of 2021 and peaked up for the last 40 years with the figure reported as 9.1% in June 2022, decreased to 6.5% at the end of 2022. Likewise, the annual CPI inflation in the Euro Zone, which was reported as 5% at the end of 2021 and increased to 10.6% as of October 2022, was reported as 9.2 at the end of 2022. The Federal Reserve (FED), which has started to tighten the monetary policy in March as part of the

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fight against inflation, increased the interest rate by 4.25 points in 2022. Having performed the strongest monetary tightening of recent times, FED messaged the markets that it would perform a further interest rate hike by 75 points and thereupon enter a waiting period, in 2023. The European Central Bank (ECB) has for the first time after 8 years removed the policy rate out of the negative area in July, and the total tightening was reported as 2.5 points as of the end of 2022. ECB messaged the markets that the interest rate hikes would continue robustly in the upcoming period. While some interest rate hikes were performed also in the UK, the Bank of Japan was the only bank that maintained its loose monetary policy among the Central Banks. Despite the interruptions suffered from time to time in respect of the gas procured from Russia have triggered the energy crisis and recession expectations in Europe, such concerns were mitigated due to the mild weather conditions and the full gas yards at the end of 2022. Upon the opening of the economy in China, the expectations that there might be a rapid recovery in the activity as compared to the previous estimates became underpinned. Due to the global risk appetite, which remained low throughout 2022, the portfolio withdrawal, mainly resulting from the equities, from the markets in the developing countries was reported as 89.3 billion dollars.

The Turkish economy reported a deceleration with a growth by 3.9% during the third quarter following the growth by 7.8%, it has reported on annual basis during the first half of 2022.

The seasonally and calendar adjusted GDP, which stands out as a signal in terms of the short-term trends, was narrowed down for the first time following the pandemic with 0.1% during the third quarter after a growth by 0.6% and 1.9%, on quarterly basis, during the first and the second quarters of 2022. The data signaled that the loss of power suffered during the third quarter was moved to the last quarter in particular in respect of the production; however that consumption remained resilient during such period. The annual average growth of the industrial production index decreased to 1.2% in October-November following the 2.5% reported for the third quarter of 2022. The average of the manufacturing PMI, which is a survey-based significant indicator in terms of production, decreased to 46.7 in the fourth quarter from 47.1 reported for the third quarter. Electricity consumption, which is one of the high frequency consumption indicators, shrank by 5.4% during the last quarter following the shrinkage by 2.7%, on annual basis, during the third quarter of 2022. On the other hand, real credit card spending accelerated as compared to the previous period by increasing by 27.2% on annual average during the last quarter of 2022. While exports were on decline during the recent period, it is projected that the contributions made to the growth by exports will continue to be lower for some time since the expectations with respect to the economic outlook for 2023 remain low in Europe. Consequently, we are of the opinion that the growth in our country would be at a level that is close to 5% throughout 2022.

Due to the reflection of the increase at the exchange rates and the global increases at the energy and food prices, the annual CPI inflation remained at a record level during 2022. Annual CPI inflation, which was reported as 36.1% at the end of 2021, decreased to 64.3% upon the base effect at the end of the year following reaching the highest level for the last 24 years with 85.5% in October 2022. The current deficient, which was reported as 7.2 billion dollars at the end of 2021, increased to 45 million dollars, on 12 months basis, in November 2022. As of November 2022, a financial requirement of 61.2 billion dollars has arisen on 12 months cumulative basis. 45 billion of such amount resulted from the current deficient and 16.2 billion dollars thereof resulted from the portfolio withdrawal. 24.7 billion dollars of such financial requirement was met by cash and deposit transfer, and 13.1 billion dollars by loan utilization, including the commercial loans, and 11.7 billion dollars by cash inflows with unclear source, and 7.7 billion by direct investments and 3.9 billion dollars by the decrease at the reserves. While the tourism receipts

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followed a robust course in 2022 upon the recovery experienced following the pandemic, we are of the opinion that, thus, it is probable that the current deficient would be reported around 47 billion dollars in 2022, and also that the positive contribution to the current account balance by the tourism receipts would continue during 2023 as well. With a ratio of 2.7% to the GDP at the end of 2021, the central administration budget deficient decreased to 1.1% at the end of 2022.

While the policy rate applied by the Central Bank of the Republic of Turkiye (CBRT) was 14% at the end of 2021, the interest rate remained stable until August. In August, interest rate cuts were started on the grounds of deceleration at the economic activity, and the policy rate was decreased to 9% until November. While some regulations, requiring the bank to keep government bonds in exchange for the loans they would extend, were enacted, some rules to ensure that the loans are transferred to the field such as investments, exports and production instead of the foreign currency, were determined. For the purpose of functioning of the monetary transmission mechanism, some requirements were imposed to ensure that the commercial loan interest rates do not exceed a certain level, and also some regulations to promote the increase of the share of TRY in deposits were brought into force. As of the end of 2022, bond yields and lending rates decreased significantly as compared to the end of the previous year. At the end of 2022, the bond yields with a maturity of 2 years and 10 years decreased to 10% and 9.8%, respectively, from 22.7% and 24.3%, respectively as reported at the end of 2021. The (exchange rate effect adjusted and annualized average) growth trend for the loans was reported as 58.3% at the end of 2022 after having approached to 70% in June during the year from 32.3% at the end of 2021. During 2022, foreign investors materialized a portfolio withdrawal, amounting to a total of 11.9 billion dollars through the equities, bond and Eurobond markets, at the domestic markets.

The decline in the foreign exchange deposit accounts (FXDA), including the gold, amounted to 40.6 billion throughout 2022. Such decline resulted mainly from the Deposit Protected against Exchange Rate (DPAER), which played a critical role in terms of ensuring stabilization at the exchange rates, during the first quarter, and the structured deposit products, developed by the banks for the purpose of increasing the share of the TRY deposits, became influential during the last quarter. The foreign exchange reserves of the CBRT were supported by the practices such as the transfer of a certain portion of their foreign exchanges to the CBRT by the exporters, and the switches to the DPAER from the FXDA, and also the rediscount loans.

IV. SECTOR OVERVIEW

Securities investment trusts are the capital markets companies, which are incorporated in the form of joint-stock companies or on registered capital basis in order to manage the blended portfolio of capital market instruments and gold and other precious metals that are traded on national and international exchanges or off-exchange organized markets.

The total net asset value of the securities investment trusts was reported as 1 billion TRY as based on the portfolio value statements they have announced for the end of 2022, and the market share of the net asset value of our Company, amounting to 318.4 million TRY, is 31.40% in the industry.

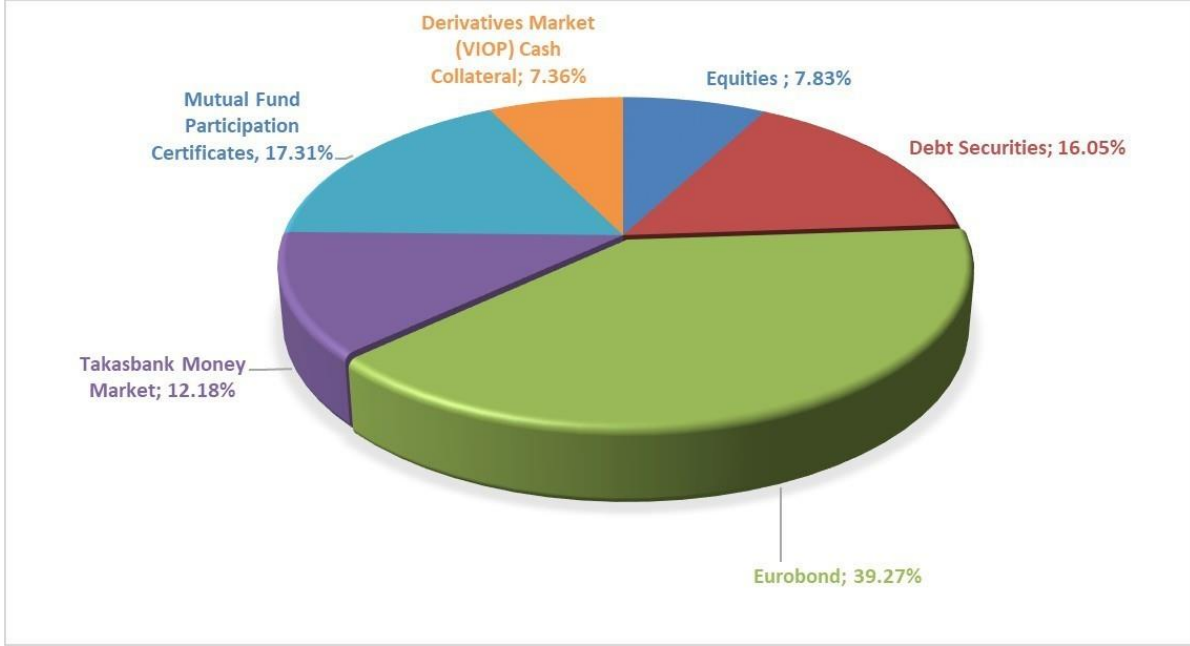
V. OPERATIONS AND FINANCIAL STANDING OF THE COMPANY

The portfolio of the Company is being managed professionally by Is Portfoy Yonetimi A.S. in accordance with the threshold value and investment strategy as set out by the Board of Directors, in line with the principle of risk diversification.

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At the end of 2022, the portfolio of the Company consists of Eurobonds by 39.27% and mutual fund participation certificates by 17.31% and TRY debt securities by 16.05% and Takasbank Exchange Money Market transactions by 12.18% and /equities by 7.83% and VIOP (Derivatives Market) cash collateral by 7.36%.



The details about the Futures Contracts available in the portfolio of the Company are as follows as of the end of the period;

Long position with the Gold contract with maturity in February 2023, at 5.14% of the Net Asset Value, is available; and

Short position with the USDTRY contract with maturity in January 2023, at 32.84% of the Net Asset Value, is available.

The threshold value applicable during the period between 01.01.2022 - 31.12.2022, and the band widths of the financial assets as covered by the investment strategy are as follows.

Threshold Value;

In respect of the performance benchmarking for the portfolio management, threshold value targeting is maintained. The "BIST TLREF Index" has been determined as the threshold value for 2022.

The net periodic return of the portfolio during the performance period ending on December 31, 2022 is reported as 34.78%, and the threshold value return is reported as 13.99%. The positive or the negative percent value, which will be found in consequence of benchmarking of the rate of return of the portfolio as calculated as of the end of the performance period with the threshold value, is called as the relative rate of return. In respect of benchmarking of the performance of

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the portfolio, the relative rate of return is reported as 20.79% as of the end of 2022 following the adjustment made with respect to the dividend paid during the year.

Investment Strategy;

0 % - 100 % Corporate Bonds
0 % - 100 % Reverse Repo Transactions
0 % - 100 % Eurobonds
0 % - 100 % Equities
0 % - 100 % Government Debt Securities
0 % - 50 % Foreign Debt Instruments
0 % - 20 % Takasbank Exchange Money Market Transactions
0 % - 20 % Mutual Fund Participation Certificates (including foreign funds)
0 % - 20 % Foreign Equities
0 % - 20 % Gold and Precious Metals and Capital Market Instruments with those underlying
0 % - 10 % Time Deposit/Participation Accounts

Trading Volumes on the Basis of Financial Assets as of December 31, 2022;

	Trading Volume (TRY)
Equities	306.332.032
Debt Securities	93.765.026
Eurobonds (*)	124.855.554
Mutual Funds	148.765.842
Derivatives	210.481.869
Reverse Repo	558.100.000

(*) Trading volume of the Eurobonds amounts to USD 6.677.375.

Revenue Figures on the Basis of Financial Assets in 2022;

	Revenues (TRY)
Equities	30.535.394
Eurobonds (*)	22.991.513
Debt Instruments	18.329.362
Mutual funds	14.792.052
Money Market and Short-Term (**)	7.231.108

Total Revenues	93.879.429

(*) The foreign currency risk, resulting from the Eurobond positions, has been managed by hedging by making use of the USDTRY contract short position in the Borsa Istanbul Derivatives Market. Revenues on the basis of financial assets have been deducted from the revenues figures. Likewise, USDTRY futures contract costs have been set off against the Eurobond revenues.

(**) Consists of the Exchange Money market, reverse repo, time deposit, VIOP (Derivatives Market) cash collateral interest income.

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Major Financial Indicators as of December 31, 2022;

(TRY)	31.12.2022	31.12.2021
Size of Assets	320.450.949	275.585.786
Total Liabilities (Short + Long Term)	6.850.872	1.731.895
Paid-up Capital	160.599.284	160.599.284
Total Equity	313.600.077	273.853.891
Net Profit /(Loss)	80.245.106	50.811.337
Revenues	310.227.646	276.920.773
Market Value	827.086.313	512.311.716
Net Asset Value per Unit Share	1.9829	1.7102
Final Closing Price	5.15	3.19

Return on Equity (ROE) (*)	27.3%	19.5%
Total Equity / Assets	97.8%	99.4%
Total Expenditures / Average Net Asset Value	5.24%	2.9%

(*) Average return on equity.

In accordance with the resolution, which has been adopted at the shareholders' ordinary general assembly meeting for 2021, held on March 22, 2022, cash dividends amounting to TRY 40.149.821.- corresponding to 25% of the issued capital as of March 28, 2022 have been distributed, and the closing price, which was TRY 3.70.- before the distribution, was adjusted to be TRY 3.45 as of the beginning of the day on March 28, 2022.

Upon the adjustment of the effect of such dividend paid, the net asset value of our Company has grown by 34.78% as of December 31, 2022, on year-over-year basis.

VI. CONSIDERATIONS REGARDING THE RISKS AND RISK MANAGEMENT SYSTEM:

The core business of the Company is portfolio management. Due to the fact that it deposits the entire of its resources into the monetary and capital market instruments as per its business, the Company is exposed to market risk to such an extent that may be considered significant. Market risk is the likelihood to make loss due to the risks such as the interest risk, equity position risk and currency risk arising in connection with the changes at the asset prices resulting from the fluctuations in the financial markets. The currency risk, to which the Company would be exposed, has been managed by taking USDTRY contract short position in the futures market due to the Eurobond position held as of December 2022.

The Company values its securities on the basis of current market values, and monitors the portfolio variations on daily basis, and outsources the regular calculation and reporting of the portfolio risk to as per the risk management system that has been established. Risk management is being carried out effectively by ensuring that the reports, drawn up as per the applicable regulations, are assessed by the Committee for Early Recognition of Risk and the Board of Directors.

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The effectiveness of the risk management system and the models and parameters being used have been reviewed by the Committee for Early Recognition of Risk in 2022. It has been reached to the opinion that the model, used for measuring and managing the risks, has produced accurate and correct results, and also that the portfolio has been diversified adequately by means of the asset groups with different correlation. As per the resolution adopted by the Board of Directors, the daily value at risk / portfolio value rate at our Company is monitored as maximum 4%. Consequently, the Board of Directors is being informed about the matters assessed by the Committee for Early Recognition of Risk and the decision-making mechanisms are being run at the Board level, if and when so required, in respect of risk management, monitoring and measurement.

VII. INTERNAL CONTROL ACTIVITIES:

For the purpose of ensuring that any and all operations and transactions of the Company are carried out orderly, effectively and efficiently in accordance with the regulations, the articles of association and the internal regulations, as well as ensuring the reliability and integrity of the order of the accounts, documentation and records, and also preventing and determining any errors, fraud and irregularities; an internal control system has been established in 2011, and service for such purpose has been started to be procured from Is Yatirim Menkul Degerler A.S. accordingly. Following establishment of the Auditing Unit within the organization of the Company on August 01, 2014, internal control activities have been assumed by such unit as of the said date. Accordingly, the internal control activities are being carried out on regular basis, and the internal control reports, drawn up on monthly basis, are being submitted to the information of and review by the Board of Directors; and efforts are being made to ensure that the internal control system functions effectively. The Board of Directors do not have any negative finding or additional opinion with respect to the functioning and effectiveness of the internal control system.

VIII. COMMITTEES OF THE BOARD OF DIRECTORS:

The committees, established by the Board of Directors, and the members appointed to serve at such committees, are indicated in the section "II. Board of Directors and Organizational Chart" of this report. All members of the Audit Committee as well as the chairpersons of the other committees are the independent members of the Board of Directors. The risk reports, drawn up as a part of the risk management system of the Company, are assessed by the Committee for Early Recognition of Risk and in the cases where the risk level is detected to have increased, proper actions are taken to identify the measures to be taken and the Board of Directors is informed about the matter.

The Corporate Governance Committee, which also assumes the functions of the Nomination and Remuneration committees, is responsible to determine that whether the Corporate Governance Principles are properly implemented, and to determine the potential conflicts of interest that might arise from any failure in such proper implementation, and in cases where it may deem so necessary, to take improvement actions and to inform the Board of Directors about the matter.

The Audit Committee is responsible for the accounting system, the public disclosure of financial information, as well as the appointment of the independent auditing firm, and functioning and effectiveness of the internal control system, and also the observation of the independent audit processes. Accounting and internal control systems, independent auditing and financial reporting

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processes have been monitored throughout the year, and no written reporting has been made to the Board of Directors and it has been concluded that the actions have been taken duly since no negative finding has been found. The Board of Directors has been informed about the matter as of the quarterly accounting periods, and actions have been taken as based on the resolution adopted by the Board of Directors. Due care is taken for the effective functioning of the committees in accordance with the requirements of the business of the Company and the functionality thereof. Committee for Early Recognition of Risk convenes at least for six times in a year, and the other committees convene at least for four times a year, as well as if and when so required.

Financial benefits granted to the Members of the Board of Directors and Senior Executives

The members of the Board of Directors receive the amount of the attendance fee, as approved at the Shareholders General Assembly Meeting, on monthly basis. The total amount of the remuneration and the financial benefits paid to the Members of the Board of Directors and the Senior Executives of the Company amounted to TRY 2.456.872 in 2022.

IX. RELATED PARTY TRANSACTIONS:

The amounts of the transactions, executed by and between our Company and the related parties during 01.01.2022 - 31.12.2022, as well as the respective entities are provided herein below, and the detailed explanations of such transactions are given in the footnotes to our the financial statements.

	(TRY)
<i>Commissions and charges paid to the related parties during the accounting period</i>	
İs Yatirim Menkul Degerler A.S.	960.018
Is Portfoy Yonetimi A.S.	5.533.333
Turkiye Is Bankası A.S.	698.397
Is Merkezleri Yonetim ve Isletim A.S.	262.116
İsnet Elektronik Bilgi Üretim Dagitim Tic. ve Iletisim Hiz. A.S.	209.046
Softtech Yazilim Teknolojileri Arastirma Gelistirme ve Paz. Tic. A.S.	8.033
Anadolu Anonim Turk Sigorta Sirketi	17.054
Total	7.687.997

During the accounting period, ended on December 31, 2022, a time deposit interest income, amounting to TRY 102.618, has been received from T. Is Bankasi A.S., and a dividend income, amounting to TRY 13, has been received from TSKB Gayrimenkul Degerleme A.S.

The conclusion section of the Affiliate Report for 2022, which has been drawn up as per Section 199 of the Turkish Commercial Code Nr. 6102, is provided as follows.

"The business transactions, executed by and between our Company and Is Yatirim Menkul Degerler A.S., Turkiye Is Bankasi A.S. and such other group companies during the accounting year of 2022, the details of which are provided in the report, are the transactions as required by

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the business of the Company, and such transactions have been executed on the basis of the at arm's length principle. There are no decisions, made against our Company, or any detrimental transactions between the controlling company or any of its affiliates and our Company, upon the instruction of the controlling company.”

X. MATERIAL EVENTS WITH RESPECT TO THE PERIOD BETWEEN 01.01.2022 - 31.12.2022:

Shareholders' Ordinary General Assembly Meeting and Distribution of Profit:

The shareholders' ordinary general assembly meeting for 2021 of the Company has been held on March 22, 2022, both physically and electronically. The announcement for the meeting included the details about the agenda and the date and the address of the meeting, and also the principles for attending such meeting, and the form of the power of attorney, and the information document covering the details about the total voting rights and the preferred

shares has been published on the Public Disclosure Platform and also on the website of the Company. The minimum quorum of 25% was applied for the meeting as per the applicable regulations, and the shareholders attended the meeting by 39.5% while the entire of the preferred shareholders attended the meeting. No press member attended the meeting, and as for the stakeholders, the representative of the independent auditing firm attended. The announcement for the meeting was intended to be received by the maximum number of shareholders, and the announcement was released through the Public Disclosure Platform, the electronic general assembly system of the Central Securities Depository, the website of the Company, and the Trade Register Gazette, at least 3 weeks in advance of the date of the meeting. The financial statements, the annual report, the independent auditing report, and the profit distribution statement have been published electronically, and also have been made available at the principal office of the Company before the meeting. None of the shareholders exercised the right to inquiry or requested to add an item to the agenda during the meeting. The meeting minutes and the list of attendees were released to the public through the electronic general assembly system of the Central Securities Depository, the Public Disclosure Platform, as well as the website of the Company and were, further, made available to the shareholders for information at the principal office of the Company.

During the shareholders' ordinary general assembly meeting, the members of the board of directors have been elected to serve until March 31, 2023; and it has been resolved that cash dividends, amounting to TRY 40.149.821.- at 25% of the issued capital, to be covered from the distributable profit of the Company for 2021, be distributed, and such distribution has been completed on March 30, 2022 following its start on March 28, 2022.

Also, during the said shareholders' ordinary general assembly meeting, it has been resolved that Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S. be elected to serve as the independent auditing firm for 2022, and that the members of the Board of Directors be authorized for the performance of the transactions as specified in Sections 395 and 396 of the Turkish Commercial Code, and also that the upper limit for the donations that might be made within 2022 be TRY 125.000, and it has been announced that the Company has made no donation in 2021.

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XI. DIVIDEND POLICY:

As per the resolution, adopted at the meeting, dated 26.02.2014, of the Board of Directors, the Dividend Policy has been revised as follows, and it has been approved at the Shareholders' General Assembly Meeting held on March 26, 2014. Accordingly, the principles for the dividend policy are given as follows.

- As per Article 33 of the Articles of Association, it is required that at least the 20% of the net distributable profits of the Company be distributed in cash as the first dividend.
- A dividend policy, as based on proposal of distribution of the amount, which corresponds to either the 5% of the net assets value originated as of the end of the previous year, or the 30% of the net distributable profit for the current year, whichever is higher, in cash, to the Shareholders' General Assembly Meeting, has been adopted.
- The cash dividend distribution shall be performed no later than the end of the second month following the date of the shareholders' general assembly meeting during which the resolution for distribution of the profit has been adopted. The deposit share dividend distribution shall be performed following the statutory authorizations obtained for such purpose.
- Unless the cash dividend, determined for the shareholders by means of a resolution to be adopted at the shareholders' general assembly meeting, is paid, no dividend shall be paid to the members of the board of directors and the employees of the Company.

XII. OTHER CONSIDERATIONS AND REMARKS:

- There has been no amendment to the regulations that would affect the operations of the Company significantly.
- No legal action has been filed against our Company during the year.
- No administrative and/or judicial sanction has been imposed on the Company and the Members of the Board of Directors.
- The Company is not engaged in any research and development activities, as required by the nature of its business operations.
- Since there is no unfavorable situation with respect to the financial structure of the Company, it is not required to take any remedial action.
- The portfolio value statement as of the end of 2022 and the statement for benchmarking of the return of financial assets in 2022 are given as follows.

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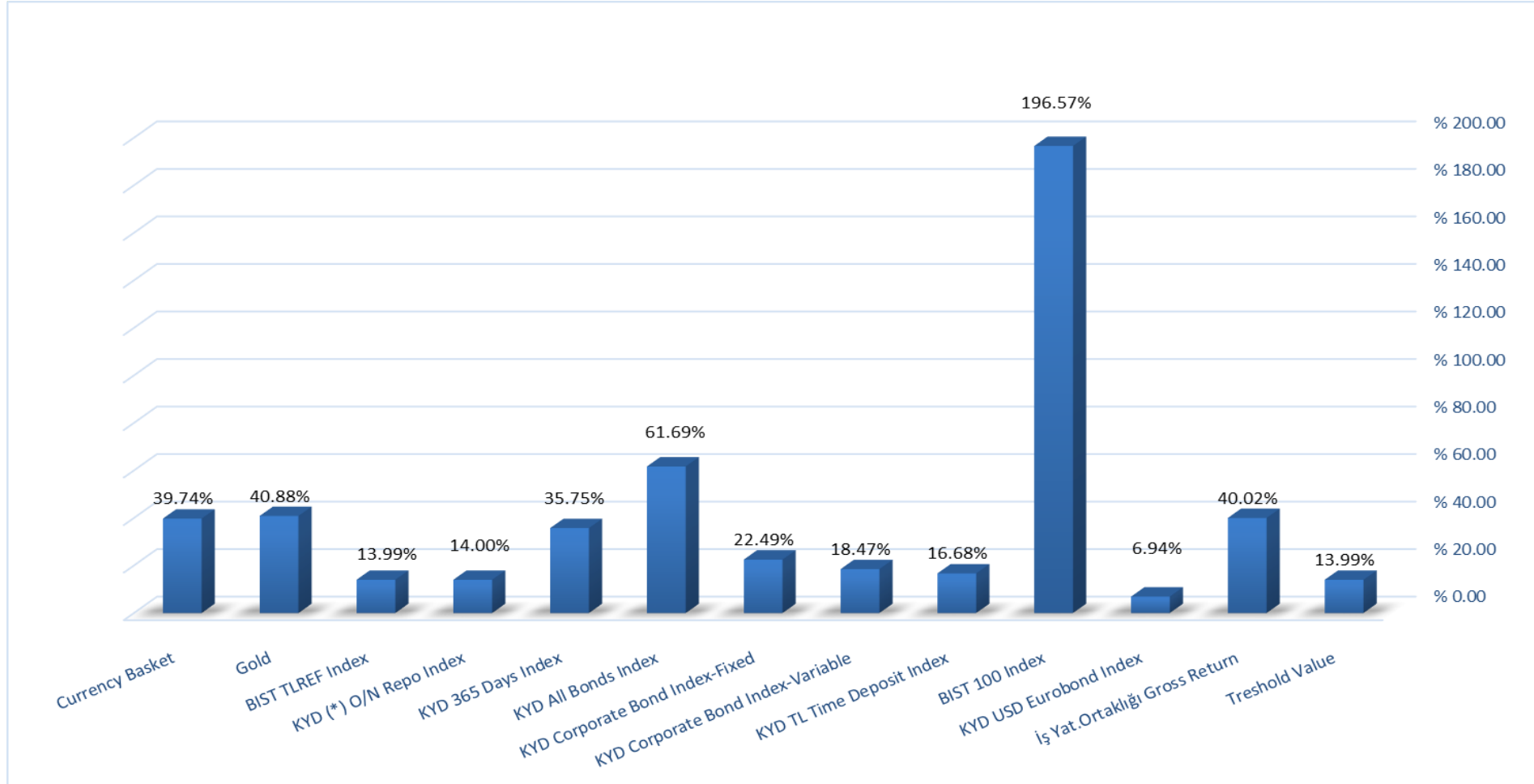
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İS YATIRIM ORTAKLIĞI A.Ş. PORTFOLIO VALUE STATEMENT				30/12/2022					
Type of Securities	Issuer	Maturity	Asset Description	Interest Repayme nt Number	Nominal Value/Number of Contracts	Unit Purchas e Price	Daily Unit Value	Total Value	
A.EQUITIES									
Holdings and Investments Trusts									
	KOC HOLDING		KCHOL		78.900.00	71.46	83.7	6.603.930	
	T.SİSE VE CAM FABRIKALARI A.Ş.		SİSE		78.500.00	27.639471	42.92	3.369.220	
GROUP SUBTOTAL					157.400.00			9.973.150	
Chemicals, Oil, Rubber and Plastics									
	TUPRAS-TURKIYE PETROL RAFINERILERI A.Ş.		TUPRS		3.400.00	346.694619	529.9	1.801.660	
GROUP SUBTOTAL					3.400.00			1.801.660	
Metal Items, Machinery and Equipment									
	FORD OTOMOTIV SANAYI A.Ş.		FROTO		7.200.00	341.364741	524.5	3.776.400	
GROUP SUBTOTAL					7.200.00			3.776.400	
Insurance Companies									
	ANADOLU SIGORTA		ANSGR		189.200.00	16.7	16.09	3.044.228	
GROUP SUBTOTAL					189.200.00			3.044.228	
Transportation and Storage									
	PEGASUS HAVA TAŞIMACILIĞI A.Ş.		PGSUS		6.600.00	395.73	480	3.168.000	
	TURK HAVA YOLLARI A.O.		THYAO		22.400.00	57.74	140.9	3.156.160	
GROUP SUBTOTAL					29.000.00			6.324.160	
GROUP TOTAL					386.200.00			24.919.598	
B.DEBT SECURITIES									
CORPORATE BONDS									
	ARCELİK A.Ş.	27.04.2023	TRSARCL42313	3	1.100.000.00	100	102.059107	1.122.650	
	AYGAZ A.Ş.	11.12.2023	TRSAYGZA2312	3	5.000.000.00	100	98.247054	4.912.353	
	ENERJİSA ENERJİ A.Ş.	13.10.2023	TRSENSAE2312	3	3.370.000.00	100	101.558471	3.422.520	
	GARANTI BANK	14.02.2030	TRSGRAN23013	3	5.500.000.00	100	101.700588	5.593.532	
	OPET PETROLÇÜLÜK A.Ş.	17.02.2023	TRSOPAS22319	3	1.030.000.00	100	101.209403	1.042.457	
	OPET PETROLÇÜLÜK A.Ş.	14.02.2024	TRSOPAS22418	3	1.360.000.00	100	101.047972	1.374.252	
	OPET PETROLÇÜLÜK A.Ş.	13.12.2023	TRSOPASA2312	3	5.000.000.00	100	100.305816	5.015.291	
	OYAK CİMENTO FABRIKALARI A.Ş.	31.10.2023	TRSOYKCE2313	3	7.260.000.00	100	101.975904	7.403.451	
	TAT GIDA A.Ş.	18.04.2023	TRSTATK42315	12	2.100.000.00	100	122.272405	2.567.720	
	T.HALK BANKASI A.Ş.	22.10.2027	TRSTHALE2716	1	1.000.000.00	100.502	98.042096	980.421	
	TUPRAS-TURKIYE PETROL RAFINERILERI A.Ş.	20.01.2023	TRSTPRS12313	3	6.700.000.00	100	102.133692	6.842.957	
	TUPRAS-TURKIYE PETROL RAFINERILERI A.Ş.	03.02.2023	TRSTPRS22312	3	5.000.000.00	100	101.930805	5.096.540	
	TURKIYE VAKIFLAR BANKASI T.A.O.	06.09.2027	TRSVKFB92719	3	600.000.00	100.64	100.443758	602.663	
	YAPI VE KREDİ BANKASI A.Ş.	20.06.2029	TRSYKBK62914	3	5.000.000.00	104.064	102.303477	5.115.174	
GROUP TOTAL					50.020.000.00			51.091.982	
C.FOREIGN CURRENCY SECURITIES									
	REPUBLIC OF TÜRKİYE TREASURY	23.03.2023	US900123CA66	6	3.500.000.00	99.047222	100.878194	66.018.776	
	REPUBLIC OF TÜRKİYE TREASURY	25.12.2023	US900123CR91	6	3.100.000.00	103.571674	101.849972	59.037.061	
GROUP TOTAL					6.600.000.00			125.055.837	
E.PARTICIPATION CERTIFICATES									
	İS PORTFOY YONETİMİ A.Ş. BİRİNCİ GAYRİMENKUL YATIRIM FONU (FIRST REAL ESTATE INVESTMENT FUND)		İSZ		4.095.762.00	1.610568	3.650469	14.951.452	
	İS PORTFOY HEDEF SERBEST FON (İS PORTFOLIO HEDEF HEDGE FUND)		İYR		215.095.394.00	0	0.05444	11.709.793	
	İS PORTFOY PARA PIYASASI FONU (İS PORTFOLIO MONEY MARKET FUND)		TTİ		22.150.00	6.37109	409.416241	9.068.570	
	İS PORTFOY YABANCI HİSSE SENEDİ FONU (İS PORTFOLIO FOREIGN EQUITIES FUND)		TMG		34.411.427.00	0	0.278922	9.598.104	
	İS PORTFOY ALTIN FONU (İS PORTFOLIO GOLD FUND)		TTA		83.861.865.00	0	0.116704	9.787.015	
GROUP TOTAL					337.486.598.00			55.114.934	
K.EXCHANGE MONEY MARKET									
		02.01.2023			20.017.917.81	100	100.089589	20.017.918	
		02.01.2023			4.138.704.51	100	100.089589	4.138.705	
		02.01.2023			5.699.077.80	100	100.089178	5.699.078	
		02.01.2023			8.938.964.49	100	100.089178	8.938.964	
GROUP TOTAL					38.794.664.61			38.794.665	
M.COLLATERAL TRANSACTIONS									
			Collateral		23.433.040.76	1	1	23.433.041	
GROUP TOTAL					23.433.040.76			23.433.041	
TOTAL PORTFOLIO VALUE									318.410.056
LIQUID ASSETS (+)									27.448
RECEIVABLES (+)									1.675.940
OTHER ASSETS (+)									649.039
LIABILITIES (-)									2.311.809
TOTAL VALUE									318.450.675
TOTAL VALUE/NUMBER OF SHARES									1.9829
VOB (DERIVATIVES EXCHANGE) CONTRACTS									
	Short	31.01.2023	F_USDTRY0123 (SHORT)		-5.450.00	19.167867	19.1875	-104.571.875.00	
	Long	28.02.2023	F_XAUDTRYM0223 (LONG)		14.000.00	1160.65664	1169.61	16.374.540.00	

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2022 Comparative Returns of Financial Assets



(*) Refers to the Turkish Institutional Investment Managers' Association

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REMARKS ON CORPORATE GOVERNANCE PRACTICES IN 2022

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Is Yatirim Ortakligi A.S., which has adopted the principles of transparency, equality, responsibility and accountability, complies with all of the Corporate Governance Principles required to be implemented in accordance with the Corporate Governance Communique, numbered II-17.2, promulgated by the Capital Markets Board, and almost the entire of the non-compulsory principles prescribed under the said communique. The few number of principles not implemented, which constitute exception, do not lead to any conflict of interest. The position of the Company in respect of the Framework For Compliance with Sustainability Principles is given herein.

As per the resolution, dated 10.01.2019 and numbered 2/49, of the Capital Markets Board; Corporate Governance Compliance Report numbered II-17.1 shall be drawn up using the templates for Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) on the Public Disclosure Platform (KAP). Such reports are accessible on www.kap.org.tr/tr/sirket-bilgileri/ozet/989-is-yatirim-ortakligi-a-s. Explanatory information about the reports, to be drawn up using the templates, is provided herein below.

PART II - SHAREHOLDERS

2.1 Investor Relations Department

A separate Investor Relations Department has not been established within the organization of the Company; and it has been resolved that the functions of the said department, as set out in Article 11 of the corporate governance communique, be carried out by F.Nilufer Basarir Kutluturk, who serves with the job title of Manager and reporting to Volkan Kublay, the General Manager of the Company, and who holds the Capital Market Activities Advanced Level-3 License, in the capacity of Executive and in substitution of Muazzez Demircan, who has been serving in the capacity of Administrator within the organization of the Company. The Report Regarding the Investor Relations Activities has been submitted to the Board of Directors on December 21, 2022. The Investor Relations activities include correspondences between the investors and the trust, ensuring retention of the records of other information and documentation as on sound, secure and up-to-date basis, responding the written or verbal inquiries of the shareholders with respect to the trust as long as the contents thereof do not constitute trade secrets, holding of the shareholders' general assembly meetings in compliance with the applicable regulations and the articles of association, and the activities in relation to compliance with the corporate governance principles. A small number of requests for information received from the investors by telephone and e-mail throughout the year has been answered in accordance with the regulations, and no other written request for information has been received by our Company.

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2.2 Exercise of Shareholders' Right to Information

Any development that might affect the exercise of the shareholder rights is announced at the Public Disclosure Platform and on the website of the Company. Efforts are made to reply any other request for information, received from shareholders, swiftly. Even though the Articles of Association of the Company does not contain any provisions regarding the appointment of a private auditor; the shareholders may file a request for the appointment of a private auditor at the shareholders' meeting under the applicable regulations. No request has been made for the appointment of a private auditor during the shareholders' general assembly meeting held in 2022.

2.3 Shareholders' General Assembly Meetings

The shareholders' ordinary general assembly meeting for 2021 has been held physically and electronically on March 22, 2022 in Istanbul, where principal office of the Company is situated. The announcement for the meeting included the details about the agenda and the date and the address of the meeting, and also the principles for attending such meeting, and the form of the power of attorney, and the information document covering the details about the total voting rights and the preferred shares has been published on the Public Disclosure Platform and also on the website of the Company. The minimum quorum of 25% was applied for the meeting as per the applicable regulations, and the shareholders attended the meeting by 39.5% while the entire of the preferred shareholders attended the meeting. No press member attended the meeting, and as for the stakeholders, the representative of the independent auditing firm attended.

The announcement for the meeting was intended to be received by the maximum number of shareholders, and the announcement was released through the Public Disclosure Platform, the electronic general assembly system of the Central Securities Depository, the website of the Company, and the Trade Register Gazette, at least 3 weeks in advance of the date of the meeting. The financial statements, the annual report, the independent auditing report, and the profit distribution statement have been published electronically, and also have been made available at the principal office of the Company before the meeting. None of the shareholders exercised the right to inquiry, request to add an item to the agenda during the meeting; and the full wording of the minutes of the meeting and the list of attendees were released to the public through the electronic general assembly system of the Central Securities Depository, Public Disclosure Platform, as well as the website of the Company and was, further, made available to the shareholders for information at the principal office.

The information regarding the donations and charities made throughout 2021 has been addressed as an individual agenda item during the shareholders' ordinary general assembly meeting, and is provided within the annual report. No donation has been made by the Company within 2022.

During the year, there was not any matter which was submitted to the discretion of the shareholders' general assembly due to the fact that the votes of independent members were sought under the regulations and that they cast dissenting votes therefor.

No material transaction has been performed by the shareholders, holding the managerial control, the Members of the Board of Directors, the executives with administrative

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responsibilities, and the spouses, and the kinsmen and relatives by marriage up to second degree of such persons, which may cause any conflicts of interest for our Company, and also no transaction as a kind of business that falls into the field of business of our Company has been performed on behalf of themselves or others, or there had not been entered into another affiliate engaging in businesses of the same kind as an unlimited partner.

2.4 Voting Rights and Minority Rights

Maximum efforts are made for the purpose of enabling the shareholders to exercise their voting rights in the easiest and optimal manner. The shares of the Company are categorized into Group A and Group B shares pursuant to the Articles of Association approved by the Capital Markets Board. Each share entitles the holder thereof to 1 (one) vote at the shareholders' general assembly meeting; however, only in the case of the election of the members of the board of directors, each Group A share entitles the holder thereof to 1.000.000 (one million) votes and each Group B share entitles the holder thereof to 1 (one) vote. We do not have any subsidiary that is controlled by us as required by the nature of our business. There is no minority description under our articles of association, other than the description for minority as specified under the Capital Market regulations. No candidate has been nominated to a seat of the Board of Director by the minority shareholders during the shareholders' general assembly meeting held.

2.5 Right to Dividends

In accordance with the Dividend Distribution Policy, which has been revised on February 26, 2014 as per the regulations, of the Company; a dividend distribution policy, as based on proposal for distribution of the amount, corresponding to either 5% of the net assets value originated as of the end of the previous year, or 30% of our net distributable profits for the current year, whichever is higher, in cash and no later than the end of the second month following the date of the shareholders' general assembly meeting during which the resolution for distribution of dividend has been adopted, to the Shareholders' General Assembly, has been adopted.

Dividend Distribution Policy has been approved at the shareholders' ordinary general assembly meeting, held on March 26, 2014, and has been released to the public on the Public Disclosure Platform and the website of the Company; and has also been included in the annual reports. There is no preferential status granted in respect of participation to the profit under the articles of association. No dividend is paid to the members of the Board of Directors and the employees on the basis of founder's shares, and the dividend payments are being performed within the periods prescribed under the policy thereto.

During the Shareholders' Ordinary General Assembly Meeting, held on March 22, 2022, it has been resolved that the Company shall distribute cash dividends amounting to TRY 40.149.821.- at 25% of the issued capital, to be covered from the distributable profits for 2021, and such distribution has been completed on March 30, 2022 following its start on March 28, 2022.

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2.6 Transfer of Shares

The articles of association of the Company do not include any provision that restricts the share transfers. Share transfers are subject to the provisions of the Turkish Commercial Code and the Capital Markets regulations.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Corporate Website and Its Contents

The corporate website address of the Company, registered with the Istanbul Trade Register is "www.isyatort.com.tr" Any and all matters provided in the relevant section of the Corporate Governance Principles (since the Company does not have information forms in place for collection of stocks and powers of attorney through calls, such matters are not available on the website) are available on the website of the Company, and a great majority of the relevant matters are available also in English. Utmost attention is being paid for keeping and maintaining the website up-to-date on continuous basis.

3.2 Annual Report

The annual reports of our Company include all of the details and information as specified by the Corporate Governance Principles and such other applicable regulations, and the interim annual reports provide the reporting as prescribed by the Capital Market Regulations.

PART IV - STAKEHOLDERS

4.1 Informing the Stakeholders

Any registered information of the Company, which is not of trade secret nature, is communicated to the shareholders and the stakeholders in accordance with the principle of equality, and any material events related to the operations and the management of the Company are disclosed to the public in the form of material disclosures, and the portfolio value statements are published weekly, and such information can be accessed through www.kap.org.tr/tr/sirket-bilgileri/ozet/989-is-yatirim-ortakligi-a-s . For the purpose of informing the stakeholders, our financial statements and annual reports are provided in the website of our Company, namely "www.isyatort.com.tr", given herein above.

Stakeholders may, at their discretion, communicate their opinions or any matters, they may consider to be in breach of the applicable regulations or the code of ethics, to the Company, and the Corporate Governance Committee or the Audit Committee is informed about any such matter through the Executive In Charge of Investor Relations or such other executives. Such kind of any application has not been received in 2022.

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Stakeholders' Participation in Management

The Company is represented and engaged by the Board of Directors under the Articles of Association and applicable regulations, and the members of the Board of Directors are elected by the shareholders at the shareholders' general assembly meetings. Even though they are not directly represented at the Board of Directors, stakeholders may communicate their opinions and considerations about any matter to the Company, and such opinions and considerations are taken into account by the Board of Directors during the course of adoption of the resolutions. In such cases, where any matter that might lead to significant consequences for the stakeholders is to be adopted; due care is paid for communication and exchange of opinions with the concerned stakeholders.

4.2 Human Resources Policy

The Company carries out its operations with a staff, consisting of five individuals. It has not been deemed required to establish a separate unit for human resources and to designate a representative to carry out the relations with the employees, since the headcount is not high and also the diversity of job titles and staff is narrow. Recruitment and the personal rights of the staff members are maintained in accordance with the laws governing the labor relations, the resolutions of the board of directors, the internal regulations as well as the code of ethics; and the employees of the Company are informed about the rules in relation to the relevant matters, job descriptions, as well as the business and functioning thereof. No complaint submitted by a staff member has been received in 2022.

4.3 Codes of Ethics and Social Responsibility

Codes of ethics have been established for the purpose of performance of the operations of the Company on the basis of the corporate principles, effectively and rationally, and maintaining the reputation of the Company and its staff members, and such codes of conduct are issued in the annual reports and the website of the Company.

PART V- BOARD OF DIRECTORS

5.1 Organization and Composition of the Board of Directors

Our Board Members have been elected at the shareholders' ordinary general assembly meeting, held on March 22, 2022, to hold office until the next shareholders' ordinary general assembly meeting; and have not been assigned with any executive duty within the organization of our Company. The resumes of and the duties assigned to the members of the Board of Directors are provided in section two hereunder.

There is no internal regulation with respect to the outside positions held by the members of the Board of Directors. During the shareholders' general assembly meeting held in 2022, the members of the board of directors have been authorized to perform any work and transaction, which would fall under the scope of activity of the Company, for and on their own behalf or for and on behalf of others in accordance with the Turkish Commercial Code. Our Company has two independent Board Members. Corporate Governance Committee, which has assumed also the functions of the Nomination Committee, has submitted two candidates for the independent Members of the Board of Directors by means of its report, dated March 17, 2022, to the Board

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of Directors; and it has been resolved that such candidates be nominated at the shareholders' general assembly meeting, dated March 17, 2022, upon the resolution adopted for such purpose. During the shareholders' ordinary general assembly meeting, two of such candidates were elected to serve as the independent board members. Independent members satisfy all of the criteria prescribed for the independence as required by the regulations; and no circumstance, which would cause such members forfeit their status, has occurred during the year. A copy of the statements of independence, submitted by Mrs. Prof. Dr. Sule Isinsu Ozmen and Mr. Bora Oruc, the Independent Members of the Board of Directors, to us in 2022 is given below:

STATEMENT OF INDEPENDENCE

TO THE BOARD OF DIRECTORS,
IS YATIRIM ORTAKLIGI A.Ş.

As I have been nominated as an independent member of the board of directors at the shareholders' ordinary general assembly meeting, to be held on **March 22, 2022**, of Is Yatirim Ortakligi A.Ş.(the “**Company**”); I hereby declare that;

- No employment-related relationship in respect of any managerial position, whereby any substantive duties and responsibilities may be assumed, has been established between the Company and any affiliates, who either hold the control of or have any significant influence on the management of the Company, or any shareholders who hold the control of the management of the Company, or have a significant influence on the Company, or any legal persons, who hold the control of the management of such shareholders, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree, within the last five years; and also that I have not held more than 5% of the capital or the voting rights or the privileged shares of the Company, either collectively or individually, or any commercial relationship which is of substantial nature has not been established; and also that,
- During the last five years, particularly in respect of the companies which have carried out auditing, rating and consulting activities for the Company; I have not been a shareholder holding 5% or more of the shares of, or any employee serving at any managerial positions whereby any substantive duties and responsibilities may be assumed, or a member of the board of directors of any such company, from which the Company has procured any services or products or to which the Company has sold any services or products to a material extent in accordance with the agreements executed for such purpose; and also that;
- I possess the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the board of directors, and also that;
- I shall not work for any public agency and entity on full-time basis throughout my term of office as an independent member of the board of directors, excluding the position of being a faculty member at the universities, should I be elected so, and also that;
- I am considered as resident in the territory of Türkiye for the purposes of the Income Tax Law, and also that;

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- I am strictly bound by robust ethical standards, and possess the professional reputation and experience to positively contribute to the operations of the Company, maintain my impartiality in any potential case of conflict of interest amongst the shareholders of the Company, and to make decisions freely with due consideration of the rights and benefits of the stakeholders, and also that,
- I will be able to allocate time for the affairs of the Company to such an extent that I would be able to fully perform and carry out the duties and tasks which I have assumed, and to follow up the functioning of the activities and operations of the Company, and also that;
- I did not hold the office of a member of the board of directors at the board of directors of the Company for a period longer than six years within the last decade, and also that;
- I did not hold office as an independent member of the board of directors of more than three of the companies which hold the control of management of the Company or the shareholders who hold the control of management of the same, and at more than five of the listed companies in total; and also that;
- I have not been registered and announced for the legal person which has been elected as a member of the board of directors.

5.2 Principles of Functioning of the Board of Directors

As per the provisions as prescribed by the articles of association of the Company, the Board of Directors shall convene in accordance with the agenda to be determined upon the call to be made by the chairman or the deputy chairman. The date and the agenda of the meeting of the board of directors shall be determined by the chairman; however the date of the meeting may also be determined upon the resolution of the board of directors. Such agenda may be changed upon a resolution of the Board of Directors. Each Member of the Board of Directors may ask, in writing, the chairman, or the deputy chairman, in the absence of the first, to call the board of directors for meeting. The chairman or the deputy chairman shall pay strict attention to fulfill such request forwarded by any such member of the board of directors, for a Board meeting to be held, depending on the need thereto, as well as any opportunities for such purposes. Each member is entitled to one vote, which should be cast as an affirmative or a dissenting vote. Any member, who casts a dissenting vote, shall write the grounds thereto and affix her/his signature thereunder, and opposing opinions shall be recorded into minutes.

The Board of Directors shall convene upon attendance of the majority of the total number of the Board Members and it shall adopt its resolutions with the simple majority of the members present at the meetings. In case of equality of votes, discussion of the respective item on the agenda shall be adjourned to the next meeting. In case of a further equality of votes at such meeting, then the proposal shall be deemed to have been rejected. The members of the board of directors may attend the board meetings by means of electronic means in accordance with the regulations. Since the matters in respect of manner of holding the meetings of the Board of Directors, and also the fashion of the voting are described in details under the articles of association; establishment of a written internal regulation has been regarded unnecessary.

In 2022, a total of 5 Board Meetings were held, and 3 of such meetings were held electronically (remote access) and 2 of such meetings were held physically. The Board of Directors has

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adopted 35 resolutions during 2022, and there have been no material transaction or related party transaction which have not been not approved by the independent members. Efforts are made for the purpose of ensuring full attendance of all members and resolutions are adopted unanimously.

Directors' liability insurance is effected against the risk of loss that would be caused to be suffered by the Company due to any negligence of them during the course of performance of their duties as covered by the liability insurance policy in which Türkiye Is Bankasi A.S. and its affiliates (the Türkiye Is Bankasi Group) are included as the insured, for the Members of the Board of Directors and the Directors/Executives of our Company.

5.3 Number, Composition and Independence of the Committees Established at the Board of Directors

The committees, established to meet the operational requirements of our Company and in accordance with the Corporate Governance Principles, and also the members, the activities thereof and the procedures thereto are given herein below. The Members of the Board of Directors, serving at the committees, do not hold executive positions.

AUDIT COMMITTEE:

Prof. Dr. Sule Isinsu Ozmen : Chairperson
Bora Oruc : Member

CORPORATE GOVERNANCE COMMITTEE:

Prof. Dr. Sule Isinsu Ozmen : Chairperson
Dr. Cansel Nuray Aksoy : Member
F. Nilufer Basarir Kutluturk : Member (*)

(*) The executive in charge of investor relations.

COMMITTEE for EARLY RECOGNITION of RISK:

Bora Oruc : Chairperson
Dr. Cansel Nuray Aksoy : Member

The chairperson and the member of the Audit Committee and the chairpersons of the other committees are independent members of the board of directors pursuant to the Corporate Governance Communique. The Audit Committee, which is responsible for the accounting system, public disclosure of the financial information, designation of the independent auditing firm and observation of the independent auditing activities as well as the effectiveness of the internal control system, has convened for 6 times during 2022.

The Corporate Governance Committee, which is responsible for monitoring that whether the corporate governance principles are being implemented or not, and also for monitoring the investor relations and ensuring the effectiveness thereof, and which carries out the functions of the Nomination Committee and the Remuneration Committee, and which consists of two

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members of the board of directors and the executive in charge of investor relations, has convened for 9 times during 2022.

The Committee for Early Recognition of Risk which is responsible for carrying out the activities with respect to early identification, control, monitoring and prevention of the risk, carries out assessments with respect to the status of the portfolio, allocation of assets and also the risk reports. The Committee for Early Recognition of Risk has convened for 6 times in 2022.

The Company has two independent Members of the Board of Directors, and one Member of the Board of Directors is required to hold office in multiple committees due to the requirement to have independent Members of the Board of Directors in each committee as per the applicable regulations, and also due to the fact that the liability, assumed by the member of the board of directors who is in charge of internal control and appointed as per the requirements as prescribed in the communique, numbered III-48.5, promulgated by the CMB, is parallel with the liabilities of the respective Committees, and also that the topics are associated and constitute integrity.

5.4 Risk Management and Internal Control Mechanism

The Company has risk management and internal control systems in place, such systems are run effectively. An Audit Unit has been established in 2014 for the purpose of carrying out the audits for compliance with the applicable regulations and policies within the organization of the Company and also fulfilling the supervision and auditing functions in respect of any and all activities and operations of the Company, in particular the functioning of the internal control system and the risk management system; and the employment of the Senior Auditor, serving at the said Unit, has been started.

Accordingly, internal control activities are being carried out on regular basis within the Company, and the internal control reports are being drawn up on monthly basis, and submitted to, and assessed by the Board of Directors. Within the context of the risk management system, service is being procured from Is Yatirim Menkul Degerler A.S. in respect of risk calculations, and the risk reports, drawn up on weekly basis, are being submitted to the Board of Directors by the Senior Auditor serving actually at the Company. Such reports are assessed by both the Early Risk Identification Committee and the Board of Directors.

5.5 Strategic Goals of the Company

The mission and vision of our Company have been approved by the Board of Directors, and made publicly available on our website.

Our mission is to have the portfolio of our Company managed professionally and in an effective, consistent and rational manner in line with the principle of risk diversification in accordance with the applicable regulations and the articles of association, and also to provide the shareholders with a regular dividend yield by years as aligned with our Dividend Distribution Policy.

Our vision is to update the investment strategy in line with the changing market conditions so as to keep the risk at the optimum level, and to provide the shareholders with a regular dividend distribution, and accordingly, to become a preferred collective investment scheme.

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Accordingly, the performance for the current year is assessed at the end of each period, and the investment strategy with respect to the portfolio and also the benchmark/threshold value are determined and resolved by the Board of Directors by obtaining the market expectations and the opinions regarding the asset allocation of the portfolio managers as well. Such resolution is disclosed to the public and made available in the website of the Company. The Board of Directors reviews the periodic reporting submitted to it, as well as the operations of the Company on regular basis, and monitors the performance of the Company.

5.6 Financial Rights

The Remuneration Policy, which includes the principles of remuneration for the Members of the Board of Directors as well as any and all executives and staff members of the Company, has been in force as of 21.03.2012, and disclosed to the public through the Public Disclosure Platform as well as the website of the Company, and was also submitted to the shareholders for information as an individual agenda item at the ordinary shareholders' meeting held on 02.04.2012. The Corporate Governance Committee monitors and supervises the remuneration practices of the Company in accordance with the applicable policy, and submits the analysis and considerations thereof to the Board of Directors, where necessary.

The Company may not grant any benefits or loans to its shareholders, members of the board of directors, staff members or any third persons, from its assets, other than the payments required to be performed as per its activities and operations, such as the attendance fee, remuneration and dividends required under the regulations and its articles of association. There are no debts, sureties or guarantees granted to the Members of the Board of Directors and/or the staff members. The remuneration and/or other benefits provided to the members of the Board of Directors and the senior executives are disclosed to the public within the financial statements and the annual report of the Company.

5.7 Sustainability Principles Compliance Framework

The Company has at all times prioritized the support provided for the development of the capital markets by paying regard to the environmental, social and governance aspects as well. Sustainability policies introduce the fundamental principles and guidelines for the purpose of minimizing the negative environmental and social impacts with respect to the operations of the Company and maximizing the positive impacts.

Sustainability Policy has been adopted by the Board of Directors in 2021. Anti-Bribery and Corruption Policy and the Gifts and Entertainment Policy are supplements the Sustainability Policy.

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Such policy is accessible under the Corporate Governance heading available on the website of the Company. As part of the General Principles section of the Sustainability Policy, the Company;

- Takes into account the environmental and social impacts of the operations it carries out; and Adopts the sustainable life concept and aspires after protecting and making the environmental and natural resources sustainable; and
- Accepts in principle to invest mainly in the capital market instruments of the companies, listed in the Sustainability Index calculated by the Borsa Istanbul, in the portfolio of the Company; and
- Adopts to contribute to the transition to the low carbon economy and meet the expectations of the society in terms of sustainability with respect to the processes for improving its operations; and
- Takes into account the concept of sustainability and the environmental impacts of the operations of the Company as well as its principles while determining its corporate governance strategy; and
- Is committed to creating a modern workplace environment where human rights are respected and social justice and employment rights are improved continuously, and thus, raising the understanding and awareness of its stakeholders; and
- Rejects any and all kinds of discrimination that breaks the equality in opportunity, discriminates, excludes or favors individuals in terms of gender, religion, language, political opinion, race, cultural or social origin; and
- Improves its processes as part of such topic on continuous basis by means of preventive, corrective and protective approaches by providing a healthy and safe workplace environment to its employees as part of the statutory regulations and practices with respect to occupational health and safety; and
- Adopts an understanding which is grounded on the sharing of the values, it has created and accumulated, with the shareholders, employees and such other stakeholders.

Implementation of the Sustainability Policy and such other supplementary policies, established as part of the Sustainability Policy, by the Head Office is carried out under the supervision of the Corporate Governance Committee. There has been no breach of the environmental regulations in terms of the operations of the Company, and no legal sanction has been imposed on the Company with respect to such matter.

The announcements with respect to sustainability can be found on www.kap.org.tr/tr/sirket-bilgileri/ozet/989-is-yatirim-ortakligi-a-s.

5.8 Corporate Code of Ethics

Being engaged in portfolio management, Is Yatirim Ortakligi A.S. is committed to managing its portfolio effectively and rationally and thus, providing its investors with a high return. While accomplishing such objective, the employees of the Company shall observe and comply with the code of ethics.

IS YATIRIM ORTAKLIGI A.S. shall;

- Observe and comply with any and all kinds of statutory restrictions applicable to it due to its nature and business; and

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- Carry out its operations in accordance with the principles of equality, transparency, accountability and responsibility; and
- Ensure that its portfolio is managed professionally and as based on a reliable understanding in accordance with the principle of risk diversification; and
- Respect the rights of the stakeholders in respect of the Company, and protect such stakeholders and ensure that they are informed about the condition of the company as required; and
- Take any and all kinds of measures to prevent any conflict of interest; and
- Make best efforts to ensure that the data, prepared, disclosed to the public and regulatory authorities by the company is accurate, complete and understandable and also that such data is disclosed timely; and
- Treat each employee equal within the organization of the company, and provide each employee with a fair and safe work environment; and
- Protect the personal dignity and the rights vested by law of its employees.

The EMPLOYEES shall;

- Act in compliance with the laws and the internal regulations; and
- Internalize and maintain the name and reputation of Is Yatirim Ortakligi A.S.; and
- Act moderately and thoughtfully during the course of their relations with each other, direct reports and superiors; and
- Abstain from any relationship that might give rise to affording of any advantage and/or any conflict of interest; and
- Make continuous efforts for the purpose of enhancing their professional knowledge and experience and self-development; and
- Be aware of the non-disclosure obligation with respect to any information, which might be of secret nature, of the company; and
- Act sensitively in respect of the proper use of the assets and resources of the company; and
- Be obliged to inform the management in case of any breach of the code of ethics.