

IS B TIPI YATIRIM ORTAKLIGI ANONIM SIRKETI

(Former Trade Name IS YATIRIM ORTAKLIGI ANONIM SIRKETI)

ANNUAL REPORT FOR 2013



**Akis Bagimsiz Denetim ve Serbest
Muhasebeci Mali Musavirlik A.S.**
Kavacak Ruzgarli Bahce Mah.
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Beykoz 34805 Istanbul

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STATEMENT OF COMPLIANCE FOR THE ANNUAL REPORT

Is B Tipi Yatirim Ortakligi Anonim Sirketi
To the Board of Directors,

As part of our independent auditing activity, we have reviewed and assessed that whether the financial data and the considerations and the statements of the Board of Directors given under the annual report, which has been drawn up as of December 31, 2013, of Is B Tipi Yatirim Ortakligi Anonim Sirketi (the "Company"), are in compliance with the audited financial statements with the same date, or not.

The responsibility for drawing up of the annual report, constituting the subject matter of this statement, in compliance with the Regulation on Determination of the Minimum Content of the Annual Reports of the Companies, is incumbent on the management of the Company.

Our responsibility, as an independent auditing company, is to express an opinion on the compliance of the financial information included in the annual report with respect to the audited financial statements, which constitute the subject matter of the independent auditor's report dated January 30, 2014.

We conducted our audit in accordance with the principles and procedures regarding the preparation and publication of annual reports, brought into effect pursuant to the Communique on the Principals Regarding Financial Reporting at the Capital Market. Such regulations prescribe that auditing be planned and performed so as to offer reasonable assurance that there are no significant errors in respect of compliance of the financial data given under the annual report with the audited financial statements and the details obtained by the independent auditor during such audit.

We believe that our review constitutes a reasonable and sufficient ground for establishment of our opinion in relation to compliance.

In consequence of our review, we have not encountered with any significant matters in relation to the fact that the financial data, and the considerations and statements of the Board of Directors given under the annual report attached hereto are not in compliance with the audited financial statements, dated December 31, 2013, of Is B Tipi Yatirim Ortakligi Anonim Sirketi, in all material aspects.

Istanbul, January 30, 2014

Akis Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S.

(SIGNATURE)

Funda Aslanoglu, Certified Public Accountant
Responsible Partner, Lead Auditor

IS B TIPI YATIRIM ORTAKLIGI A.S.

ANNUAL REPORT ISSUED BY THE BOARD OF DIRECTORS FOR 2013

TRADE NAME OF THE : IS B TIPI YATIRIM ORTAKLIGI ANONIM SIRKETI
COMPANY (*)
PRINCIPAL OFFICE : Istanbul
DATE OF : 16/08/1995
INCORPORATION
SCOPE OF OPERATIONS : Portfolio Management
TRADE REGISTRY : 367835
NUMBER
ADDRESS : Buyukdere Cad. Is Kuleleri Kule 1 Kat:5 Levent/Istanbul
PHONE - FAX : 212/ 284 17 10 - 212/ 284 16 70
WEB SITE : www.isyatort.com.tr
ACCOUNTING PERIOD : 01.01.2013 – 31.12.2013
ISSUED CAPITAL : TL 160,599,284
REGISTERED CAPITAL : TL 300,000,000

(*) The trade name of the Company, which was Is Yatirim Ortakligi A.S. , has been amended to read as Is B Tipi Yatirim Ortakligi A.S. as of May 8, 2013.

BOARD OF DIRECTORS :

The members of the Board of Directors have been elected at the shareholders' ordinary general assembly meeting, held on March 27, 2013, to hold office until the next shareholders' ordinary general assembly meeting throughout the accounting period.

MR. OZGUR TEMEL
CHAIRMAN (02.12.2013 –)

Mr. Temel, who has graduated from the University of Birmingham Business School, has started to hold office at T. Is Bankasi A.S. in 1994. He has served as an auditor at the Supervisory Board Directorate between 1995-2003, and as a Deputy Manager at the Capital Markets Department, Izmir Branch and Ege Corporate Branch, respectively, between 2003-2008. He has been appointed as the Division Manager of the Capital Markets Department in 2008; and has been promoted to the position of Department Manager in 2013. Mr. Ozgur Temel, who has been elected to serve as the Chairman of the Board of Directors of our Company on 02.12.2013, also holds some offices as a member of the board of directors at some affiliates of our Company.

MR. UFUK UMIT ONBASI
DEPUTY CHAIRMAN (27.03.2013 –)

Mr. Onbasi, who has graduated from the Department Economics (English), Faculty of Economic and Administrative Sciences, Istanbul University, has served as a Deputy Manager at the Capital Markets Department of T. Is Bankasi A.S. between 1991 - 1994, at the Treasury Department of Korfezbank A.S. between 1994 and 1998, at the Treasury Department of Bank Kapital A.S. between 1998 and 2000, and subsequently held the offices of Manager and Group Manager for also for Bank Kapital A.S. in 2000. Mr. Onbasi, who has been appointed as Manager for Domestic Markets Division of Is Yatirim Menkul Degerler A.S. in 2000, has been holding the office of

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Assistant General Manager at the same Company since 2003. He has also been serving as the Deputy Chairman of the Board of Directors of our Company since 02.04.2011.

Mr. VOLKAN KUBLAY
MEMBER (27.03.2013 –)

Mr. Kublay, who has graduated from the Department of Economics (English), Faculty of Economic and Administrative Sciences, Marmara University, has started to serve as an Assistant Auditor for T. Is Bankasi A.S. in 2000. Mr. Kublay has served as an Auditor between 2000 and 2008, and has been appointed to the office of Assistant Manager of the Subsidiaries Departments in 2008, and has been promoted to the position of Division Manager of the same department in 2012. Mr. Kublay currently holds the office of Division Manager at the Subsidiaries Department of T. Is Bankasi A.S. Mr. Kublay, who has been elected to serve as a Member of the Board of Directors of the Company on 24.08.2012, also serves as a director for several other affiliates.

Mr. SERKAN UGRAS KAYGALAK
MEMBER (02.12.2013 –)

Mr. Kaygalak, who has graduated from the Department of Business Administration, Faculty of Economic and Administrative Sciences, Middle East Technical University, has started to serve as an Assistant Auditor for T. Is Bankasi A.S. in 1997. He has served as the Deputy Manager at the Fund Management Department between 2006-2008; and as the Tarsus Branch Manager between 2008-2010; and as the Deputy Head of the Supervisory Board between 2010-2013; and has been appointed as the Manager at the Card Payment Systems Department on 29.04.2013. He has been elected to serve as a Member of the Board of Directors of our Company on 02.12.2013.

Mr. SERHAT GURLEYEN
MEMBER (27.03.2013 –)

Mr. Gurleyen, who has graduated from the Department of Economics, Bogazici University, has served as the Research Manager for TEB Ekonomi Arastirmalari A.S. between 1995 and 1998, and for TEB Yatirim A.S. between 1998 and 2002, and for Is Yatirim Menkul Degerler A.S. between 2002 and 2007. He currently serves for the same company as a Director, and has also been serving as a Member of the Board of Directors of the Company since 28.03.2005.

Mr. ABDULLAH AKYUZ
INDEPENDENT MEMBER (27.03.2013 –)

Mr. Akyuz, who has graduated from the Department of Economics and Finance, Faculty of Political Science, has studied for and obtained his Master's Degree at the California University. Having completed his education, Mr. Akyuz started his professional career as a Researcher for the Capital Markets Board in 1983, and subsequently served as a Manager at ISE Bonds and Bills Market, and also served as a Member of the Board of Directors for ISE Settlement and Custody Bank Inc. between 1995 and 1998. Mr. Akyuz, who has served as the Deputy Chairman at ISE between 1994 and 1998, and as the Representative in the USA of Turkish Industry and Business Association between 1999 and 2011, has been a Member of the Board of Directors of Is Yatirim Menkul Degerler A.S. since 01.11.2011, and of the Company since 02.04.2012.

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Mr. KAMIL YILMAZ, PhD
INDEPENDENT MEMBER (27.03.2013 -)

Mr.Yilmaz, who has graduated from the Department of Economics, Bogazici University, has studied for and obtained Master's Degree and Doctoral Degree (PhD) at the Maryland University. Mr. Yilmaz, who has worked for the World Bank between 1992 and 1994, and started lecture as a faculty member at Koc University in 1994, conducted research studies as a visiting professor at the Department of Economics, Pennsylvania University between 2003 and 2004 and between 2010 and 2011. Mr. Yilmaz also held the office of the Director of Economic Research Forum, a joint initiative of TUSIAD (Turkish Industry and Business Association) and Koc University between 2007 and 2009. Mr. Yilmaz, who currently is a professor at the Department of Economics, Faculty of Economic and Administrative Sciences, Koc University, has authored numerous academic papers and articles published by reputable national and international periodicals and also books on international trade, international finance, macroeconomics and Turkish economy. Mr. Yilmaz has been a Member of the Board of Directors of the Company since 02.04.2012, and of Is Girisim Sermayesi Yatirim Ortakligi since 07.05.2012.

AUDIT COMMITTEE :

Kamil Yilmaz, PhD : Chairman
Abdullah Akyuz : Member

CORPORATE GOVERNANCE COMMITTEE

Kamil Yilmaz, PhD : Chairman
Volkan Kublay : Member

COMMITTEE FOR EARLY RECOGNITION OF RISK:

Abdullah Akyuz : Chairman
Volkan Kublay : Member

SENIOR MANAGEMENT :

Yesim Tukenmez : General Manager

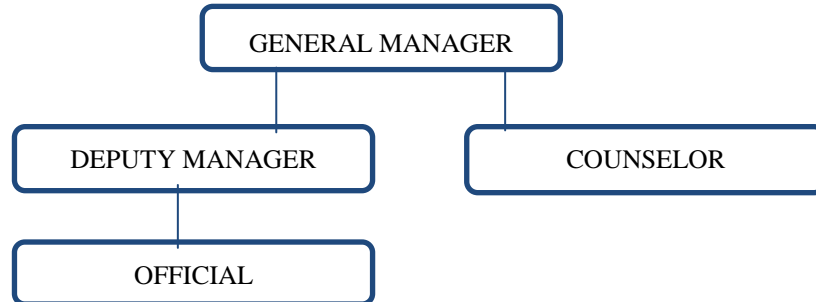
MEMBERS OF THE BOARD OF DIRECTORS WHO HAVE HELD OFFICE THROUGHOUT THE RELATED ACCOUNTING PERIOD:

G.Meltem Kokden : Chairman of the Board of (1/1/2013 - 12/2/2013)
Directors
Nevra Toktas : Member of the Board of Directors (1/1/2013 - 12/2/2013)

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ORGANIZATIONAL CHART:



The headcount of our Company is 4 as of the end of the year. Our Company does not execute any collective labor agreement, and the relevant legislation and internal regulations are taken as the basis in relation to the benefits granted to the employees.

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I. Economic Overview

Despite the selling pressure experienced upon the effect of the figures and data showing that the recession in the Europe was still in progress and also that the growth in China has rapidly slowed down, the global markets have entered 2013 within a generally optimistic conjuncture. The statement of the Federal Reserve Bank (FED) of the USA, delivered in June, indicating that it would decrease purchasing any assets in case of acceleration of the growth, has been commented that the expansionist monetary policy would be quit by the markets; and a serious selling pressure has been experienced at the global markets. In spite of the fact that FED's retreat in respect of decreasing purchase of assets in September has led to an uptrend at the exchanges throughout the world; the strong data and figures received from the US economy and various statements delivered by the officials of FED have given rise to shortly ending of such uptrend at the markets. Ultimately, the Federal Reserve Bank (FED) of the USA has adopted a resolution to lessen its assets purchase program, amounting to 85 billion USD on monthly basis, which has been in progress for a period exceeding 1 year, for 10 billion USD as of January 2014, in its meeting held in December. Following such resolution, the European and the US developed country exchanges have maintained their return, but the emerging markets had a course based on selling in general, and the currencies of the developing countries have been exposed to sales following the meeting of FED.

On the other hand, the concern that the investigation initiated for anti-corruption on December 17 at home would impair both the political and economic stability has led to impairment of the risk perception towards Turkey; and some members of the council of ministers have been replaced with others in line with such developments. The impairment of the risk perception towards Turkey has given rise to the fact that the investors trend to more secure investment instruments. Accordingly, the BIST-100 index, which has been rapidly regressing till December 17, has closed 2013 at 67.801 representing a decline by some 13.3%. The impacts of the said developments have also been observed at the bonds market, and the indicative compound government debt securities interest rate has exhibited an upward trend in line with the deterioration at the risk indicators, and has closed 2013 at some 10.10%; and the interest rates have realized at a double-digit level for the first time till August.

Turkish economy has continued its recovery during the third quarter of 2013, and has achieved a growth at 4.4% when compared with the same period of the previous year. USD has increased 19.4%, and Euro has increased 24.5%; and the inflation rates have realized as 6.97% in respect of the PPI (Producer Price Index), and as 7.40% in respect of CPI (Consumer Price Index).

II. Industry Overview

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

The net asset value of the according to the portfolio assets statements disclosed as of December 27, 2013 of the securities investment trusts, the number of which has decreased to 12 as of the end of 2013, has amounted to TL 486,307,973.-.

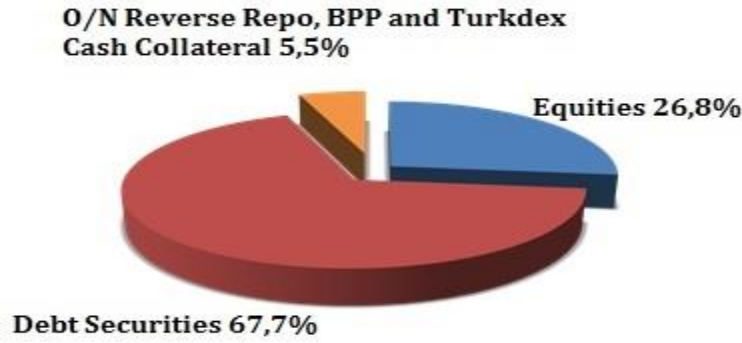
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III. Operations and Financial Standing of the Company

The portfolio of the Company is being managed professionally in accordance with the performance benchmarks as identified and the investment strategy as determined by the Board of Directors, and in line with the principle of risk distribution by Is Portfoy Yonetimi A.S. The average breakdown of the portfolio assets was as follows throughout the accounting period; equities by 26.8%, debt securities by 67.7%, reverse repo by 5.5%, Exchange Money Market transactions and TURKDEX collateral accounts. The Company's net assets value, the size of which amounted to TL 261.316.525- as of December 31, 2013, has accounted for 53.7% of the overall portfolio size of the industry.

Average breakdown of portfolio assets throughout 2013;



The Company's portfolio contained short position Index Futures Contracts by 3.5 % as of December 31, 2013.

The performance benchmark and investment strategies applicable for the accounting period;

16/05/2013 – 31/12/2013

Performance Benchmark :

(BIST 30 INDEX RETURN) 15% + (KYD (Institutional Investment Managers' Association) OVERALL BILL INDEX RETURN) by 45% + (KYD (Institutional Investment Managers' Association) FIXED OST (Private Sector Bonds) INDEX RETURN) by 15% + (KYD (Institutional Investment Managers' Association) VARIABLE OST (Private Sector Bonds) INDEX RETURN) by 15% + (KYD (Institutional Investment Managers' Association) O/N GROSS REPO INDEX RETURN) by 10%

Investment Strategy :

Equities by 0% to 30%

Government debt securities by 35% to 65%

Private sector debt instruments by 15% to 45%

Reverse repo by 0% to 30%

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01/01/2013 – 15/05/2013

Performance Benchmark :

(BIST 30 INDEX RETURN) 30% + (KYD (Institutional Investment Managers' Association) OVERALL BILL INDEX RETURN) by 40% + (KYD (Institutional Investment Managers' Association) FIXED OST (Private Sector Bonds) INDEX RETURN) by 10% + (KYD (Institutional Investment Managers' Association) VARIABLE OST (Private Sector Bonds) INDEX RETURN) by 10% + (KYD (Institutional Investment Managers' Association) O/N GROSS REPO INDEX RETURN) by 10%

Investment Strategy

Equities by 25 % to 55 %

Government debt securities by 35 % to 55 %

Private sector debt instruments by 10% to 40%

Reverse repo by 0% to 30%

Volume of transactions conducted throughout 2013 and net profit;

	2013		2012	
	Transaction Volume (TL)	Net Profit/(Loss) (TL)	Transaction Volume (TL)	Net Profit/(Loss) (TL)
Equities	578,450,011	3,476,691	1,038,737,409	29,098,423
Debt Securities	258,998,991	(1,309,435)	461,683,955	9,769,637

Major Financial Indicators;

	31.12.2013	31.12.2012	Variation (%)
Asset Size (TL)	261,876,849	289,521,429	-9.55%
Total Debts (TL)	1,193,842	1,113,190	7.25%
Paid-in Capital (TL)	160,599,284	160,599,284	
Total Equity Capital (TL)	260,683,007	288,408,239	- 9.61%
Net Profit/(Loss) (TL)	4,376,908	47,526,852	- 90.79%
Proceeds (TL)	397,266,388	769,839,500	-48.40%
Market Value (TL)	157,387,298	184,689,177	- 14.78%
Final Quotation/Closing Price	0.98	1.15	

Total Debts / Equity Capital	0.46%	0.39 %
Equity Capital / Total Assets	99.54%	99.62 %

In accordance with the resolution, which has been adopted at the shareholders' ordinary general assembly meeting for 2012, held on March 27, 2013, of our Company, cash dividends amounting to TL 32.119.856.80.- corresponding to 20% of the issued capital as of March 29, 2013 have been distributed; and the weighted average equity price (ISYAT), which was TL

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1.25.- before the distribution, was adjusted to be TL 1.05 after the same. The total assets of the Company as cleared of the impact of the dividends paid, as of December 31, 2013, have grown by 1.6% on year-over-year basis.

IV. Shareholding Structure as of 31.12.2013:

Shareholders	Group	Shareholding Amount (TL)	Shareholding (%)
İs Yatirim Menkul Degerler A.S.	A	2,347,411	1.46
İs Yatirim Menkul Degerler A.S.	B	42,466,693	26.44
T.Sinai Kalkinma Bankasi A.S.	B	2,757,169	1.72
Yatirim Finansman Menkul Degerler A.S.	A	1,185,072	0.73
Yatirim Finansman Menkul Degerler A.S.	B	618,429	0.39
Anadolu Hayat Emeklilik A.S.	A	592,536	0.37
Anadolu Hayat Emeklilik A.S.	B	574,662	0.36
Anadolu Anonim Turk Sigorta Sirketi	B	278,394	0.17
Other	B	109,778,918	68.36
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 TL 4,125,019 of the shares consists of Group (A) shares, while the portion amounting to TL 156,474,265 of the shares consists of 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 be entitle the holder thereof to 1 (one) vote.

Is Yatirim Menkul Degerler A.S., a shareholder of the Company, requested to acquire the Group A shares in the capital of Is Yatirim Ortakligi, which amounted to TL 2,297,411, of T. Sinai Kalkinma Bankasi A.S., and the request was approved by the Capital Markets Board through the resolution No. 3/57, dated 22.01.2013, thereof. The acquisition took place on the Wholesale Market at some TL 1.23 price per each share with some TL 1 nominal value on 11.02.2013, as a result of which the amount of the overall nominal value of the Group A shares held by Is Yatirim Menkul Degerler A.S. increased to TL 2,347,411 from TL 50,000, and the shareholding ratio thereof rose to 1.46 % from 0.03 %.

V. Considerations regarding risks and risk management system:

The core business operation of the Company is portfolio management. Due to the fact that it deposits the entire of its resources to the monetary and capital market instruments as per its operations, the Company is exposed to market risk to such an extent that may fairly be considered significant. The market risk is the likelihood to suffer from losses due to such risks as the interest risk, equity risk, derivatives risk and exchange risk, which may emerge in connection with the changes in interest rates, exchange rates and equity prices as a consequence of the fluctuations in the financial markets. The Company values the securities thereof on the

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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 Is Yatirim Menkul Degerler A.S. as a part of the risk management system established. The reports so submitted are assessed by the Committee for Early Recognition of Risk.

VI. Internal control activities:

The regular maintenance and reporting of the internal control activities are outsourced to Is Yatirim Menkul Degerler A.S. pursuant to the Internal Control Regulation, updated in accordance with the Capital Market legislation, as well as the relevant resolution of the Board of Directors. It is intended through such outsourcing for the operations, business and transactions, and portfolio valuation of the Company to be performed and carried out in compliance with the applicable legislations, the Articles of Association of the Company as well as the purpose and scope thereof, the accounting system as well as the documentary and recording order of the Company to function effectively and the operational risks, which may arise out of the irregularities and errors, to be ensured to minimized. The control activities performed within the said framework are reported regularly to the member of the Board of Directors, who is in charge of internal control, and submitted to the Board of Directors for information.

VII. Committees of the Board of Directors:

The committees established by the Board of Directors and the members appointed to serve therein are provided within the initial section 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 risen, proper actions are taken identify the measures to be taken and the Board of Directors is informed on the matter. The Corporate Governance Committee, which also assumes the functions of the Nomination and Compensation committees, is responsible to determine whether or not the Corporate Governance Principles are properly implemented, and to determine the potential conflicts of interest, which may arise out of 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 on the matter. The Audit Committee, established in 2003, is responsible for the accounting system, the public disclosure of financial information as well as the appointment of the independent audit firm and the observation of the independent audit processes.

Due care is taken for the efficient operation of the committees in accordance with the requirements of the operations of the Company and the functionality thereof. The Audit Committee convenes for minimum four times and each of other committees convenes for minimum once a year as necessary.

VIII. Financial benefits offered to the members of the Board of Directors and the senior executives:

The attendance fee, approved by the General Assembly, is being paid to the members of the Board of Directors and of the Audit Board (the audit board has been rescinded as of April 2013

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as of the TCC (Turkish Commercial Code), numbered 6102) on monthly basis. The sum of compensation and financial benefits paid per month to each member of the Board of Directors and the Supervisory Board of the Company amounts to TL 702,769 within the year 2013.

IX. Matters regarding the merger:

It has been resolved that Is B Tipi Yatirim Ortakligi A.S. (ISYAT - former trade name was Is Yatirim Ortakligi A.S. at that time) shall merge with TSKB Yatirim Ortakligi A.S. (TSKYO) by acquisition of the same; and the merger has been approved at the general assembly meetings of the said Companies held on June 29, 2012 upon obtaining the authorizations and permissions from the concerned statutory authorities. The said resolutions of the shareholders' general assembly meetings, as well as the Merger Agreement were registered by Istanbul Trade Registry on July 16, 2012, and were announced on the issue No. 8116, dated July 20, 2012, of the Trade Registry Gazette, and TSKYO dissolved and was entirely acquired along with any assets and liabilities by ISYAT effective as of July 16, 2012. The shares, amounting to some TL 25,936,784, which were issued for the purpose of the merger, were registered to the Capital Markets Board on the basis of the Registration Certificate No. Y.O. 188/547, dated July 30, 2012, of the Capital Markets Board, and the distribution of ISYAT shares to the shareholders of TSKYO by the Central Securities Depository of Turkey on the basis of the exchange rate specified by the Merger Agreement (being 0.8923) was completed on August 14, 2012.

X. Related party transactions:

The amounts of the transactions performed by our Company with the related parties during the period of 01.01.2013 - 31.12.2013, and such related parties are listed as follows;

(TL)	
İs Yatirim Menkul Degerler A.S.	1,887,166
Is Portfoy Yönetimi A.S.	1,524,710
T. Is Bankasi A.S.	222,057
Isnet Elektronik Bilgi Uretim Dagitim Tic. ve İletisim Hiz. A.S.	13,643
Anadolu Anonim Turk Sigorta Sirketi	1,902
SoftTech Yazilim Teknolojileri Arastirma Gelistirme ve Pazarlama Tic.A.S.	2,722
Total	3,652,200

The conclusion of the Dependent Company Report for 2013, which was prepared pursuant to the provisions of Article 199 of Turkish Code of Commerce No. 6102, is provided as follows.

"The business transactions, conducted between our Company and Is Yatirim Menkul Degerler A.S., its principal shareholder, as well as the other T. Is Bank Group subsidiaries, during the accounting year of 2013, the details of which are provided as per the said report, are limited to those necessitated by the operations of the Company, and were conducted in strict compliance with the 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."

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XI. Material events throughout the period of 01.01.2013 – 31.12.2013 :

Shareholders' Ordinary General Assembly and Distribution of Profit:

The shareholders' ordinary general assembly meeting for 2012 of the Company has been held on March 27, 2013 both physically and electronically. The wordings of announcements contained such details as the agenda and the date of the meetings as well as the meeting venues, and the draft amendment of articles of association, the principles for attention to the meeting and the sample forms of powers of attorney, in addition to which the information document, which included the resumes of the candidate members of the Board of Directors, the total voting rights, and the details regarding the preferred shares, was made available on the website of the Company. The minimum quorum of 25% was applied for the meeting as per the applicable legislation, and the shareholders attended the meeting by 47.5% while the entire of the preferred shareholders attended the same. The stakeholders and the media members have not attended the meetings.

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 Registry Agency, the website of the Company, two daily newspapers, disseminated nationwide, and the Trade Registry Gazette, at least 3 weeks in advance of the date of the meeting. The financial statements, the annual report, the auditors' report, the profit distribution statement, the internal directive and the draft amended wording of the articles of association were published electronically and were 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 Registry Agency, 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.

During the said meeting, the members of the board of directors, as given within the first section of this report, have been appointed; and it has been resolved that the Company shall distribute cash dividends amounting to TL 32.119.856,80.- at some 20% of the issued capital, from the profits obtained in 2012; and such distribution has been completed on April 2, 2013 following its start on March 29, 2013.

During the said meeting, it has been resolved that Akis Bagimsiz Denetim ve Serbest Muhasebeci Musavirlik A.S. shall be elected as the independent auditing firm; and that the "Internal Directive regarding the Principles and Procedures for Operation of the Shareholders' General Assembly Meetings of Is Yatirim Ortakligi A.S." shall be approved; and that the authorization for the members of the Board of Directors shall be granted in respect of the transactions specified under Articles 396 and 396 of the Turkish Commercial Code. Also, the Donation Policy of the Company has been approved at the meeting; and TL 115.000.- has been determined as the upper limit for the donations; and the attendees were informed that no donation has been granted in 2012.

Shareholders' Extraordinary General Assembly:

The shareholders' extraordinary general assembly meeting of the Company has been held on May 03, 2013 both physically and electronically. During the said meeting, it has been unanimously resolved that Articles 1, 3, 8, 9, 11, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28,

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29, 30, 32, 33, 34 and 36 of the articles of association of the Company shall be amended in order for ensuring compliance of the same with the Turkish Commercial Code, numbered 6102, and also with the Capital Market Law, numbered 6362, and also that Article 2 and the subparagraph (p) of Article 12 of the articles of association of the Company shall be amended as given below in respect of conversion of the Company into the type B securities investment trust and also in relation to amendment of the trade name of the same basing on the foregoing; and also that Articles 24 and 35 and the provisional article 1, the provisional article 2 and the provisional article 3 and the provisional article 4 shall be abrogated accordingly.

The announcement for the said meeting included the details in relation to the agenda, date and venue/address of the meeting, the draft amendment wording of the articles of association, the principles for participation and also the specimen of the power of attorney for such purpose. The minimum quorum of 25% was applied for the meeting as per the applicable legislation, and the shareholders attended the meeting by 47.5% while the entire of the preferred shareholders attended the same. The stakeholders and the media members have not attended the meetings.

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 Registry Agency, the website of the Company, two daily newspapers, disseminated nationwide, and the Trade Registry Gazette, at least 3 weeks in advance of the date of the meeting. The draft amended wording of the articles of association has been issued/published electronically, and 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 Registry Agency, 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 latest version of the articles of association is available on the website of the Public Disclosure Platform and that of the Company.

AMENDED WORDING

INCORPORATION

Article 1- An investment trust Incorporated Company is hereby incorporated instantaneously by and amongst the incorporators, the full names, permanent addresses and nationalities of which are given below, in accordance with the provisions of Turkish Commercial Code and of the Capital Market Law, with a registered capital.

	<u>Full Name/ Trade Name</u>	<u>Nationality</u>	<u>Permanent Address or Registered Office</u>
1	Turkiye Is Bankası A.S.	REPUBLIC OF TURKEY	Buyukdere Cad. Is Kuleleri Kule 1 Levent/ISTANBUL
2	Pasabahce Cam Sanayi A.S.	REPUBLIC OF TURKEY	Barbaros Bul. Cam Han 125 Besiktas/ISTANBUL
3	Tibas Men.Mun.Sos.Guv.Yar.S. Vakfi	REPUBLIC OF TURKEY	Haci Mehmet Sok. Tibas Vakfi Dalyan Konut Sitesi No:24/G Kat:1 Fenerbahce Kadikoy/ISTANBUL
4	Izmir Demir Celik Sanayi A.S.	REPUBLIC OF TURKEY	Sair Esref Bulvari No:23 Cankaya/IZMIR
5	Mensa Mensucat San. ve Tic. A.S.	REPUBLIC OF TURKEY	Mersin Asfalti 14.Km. P.K. 560 MERSIN

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TRADE NAME OF THE COMPANY

Article 2- The trade name of the Company is "IS B TIPI YATIRIM ORTAKLIGI ANONIM SIRKETI". It shall hereinafter be briefly referred to as the "Company".

REGISTERED OFFICE AND BRANCHES OF THE COMPANY

Article 3- The registered office of the Company is situated in ISTANBUL.

The address of registered office of the Company is Buyukdere Caddesi Is Kuleleri, Kule-1, Kat:5 Levent, Besiktas, Istanbul. In case of any changes to the address, the new address shall be had registered to the Trade Registry of Turkey, and shall be announced on the Trade Registry Gazette of Turkey as well as the company's official website; and shall further be notified to the Ministry of Customs and Commerce. Any notice/notification served to the registered and announced address shall be deemed to have been duly served to the Company.

The Company shall not be obliged to amend the Articles of Association solely for the purpose of changing its address, provided that the new address is situated within the jurisdiction of the same trade registry office. The Company may establish branches and/or representation offices either in Istanbul or at any such other locations for the purpose of fulfilling any necessary statutory procedures. If any such branch or representation office is established, then the same shall be notified to Capital Markets Board within 10 days.

PROHIBITION TO OFFER EXTRA BENEFITS

Article 8- The Company may not provide any extra benefits to its shareholders, members of the board of directors or members of the board of auditors, staff members or any third persons from its assets, other than the payments such as attendance fees, commissions, premiums and profit shares as required by its activities and operations. However, in accordance with the procedures and principles set out by Capital Market Legislation; provided that such donations and aids shall not, in particular, contravene to the regulations in relation to transfer of concealed gains, and that the required material disclosures shall be announced, and that any donations granted within the year shall be submitted to the knowledge of the shareholders at the general assembly; the Company may donate and may provide aids within the scope of social responsibility so as to not to disrupt and/or hinder its purpose and scope. Extent of any such donation shall be determined at the general assembly.

BORROWING LIMIT, AND ISSUANCE OF SECURITIES COVERING RIGHT TO PURCHASE-CONVERT BY DEBT INSTRUMENTS

Article 9- With the purpose of meeting its short-term cash needs, the Company may benefit from loans up to 20% of its net assets value specified on its latest weekly report pertaining to the previous year, as disclosed to the public by the same, or may issue debt instruments with a maturity of 360 days or a shorter maturity, provided that it complies with the same limits and the Capital Market Legislation. It is required that the consideration of the debt instruments are in cash, and that the same is fully paid upon its delivery.

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Unless any debenture bonds and such other debt instruments that are of capital market instruments nature are completely sold, or unless any such instruments that could not be sold are canceled, no new debenture bonds and such other debt instruments that are of capital market instrument may be issued.

CAPITAL AND STOCKS

Article 11- The upper limit of registered capital of the Company amounts to TL 300.000.000. The authorization for the registered capital upper limit granted by the Capital Markets Board shall be valid and effective for the period between 2013-2017 (5 years). Even in the event that the upper limit of the registered capital, for which authorization has been granted, could not be achieved as of 2017, in order for the board of directors' adoption of a resolution for the increase of the capital after 2017, it shall be mandatory to obtain authorization for a further period from the general assembly by obtaining authorization from the Capital Markets Board for the previously authorized upper limit or for a further upper limit. In the event that such authorization could not be obtained, then the Company shall be deemed to have left the registered capital system.

The issued capital of the Company amounts to TL 160.599.284 (one hundred sixty million five hundred ninety nine thousand two hundred eight four), and is divided into 16.059.928.400 shares, each having a nominal value of 1 (one) Kurush. 4.125.019 (four million one hundred twenty five thousand and nineteen) Turkish Lira of the shares constitute Group A, and 156.474.265 (one hundred fifty six million four hundred seventy four thousand two hundred sixty five) Turkish Lira of the shares constitute Group B. The issued capital has entirely been paid in cash. 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 be entitle the holder thereof to 1 (one) vote.

TL 134.662.500 of the capital of the Company has been fully paid in, and the increased amount of some TL 25.936.784 has been counterbalanced in nominal value as a consequence of equalization of the share values determined by taking the portfolio values of both companies determined by means of the expert's report, dated 16.04.2012, issued as per the file number E.2012/17, of the 33rd Commercial Court of First Instance of Istanbul, and the report issued by an expert organization, namely Eczacibasi Menkul Degerler A.S., dated 02/04/2012, as the basis, as transferred upon the merger materialized as per entirely acquisition of the assets and liabilities of TSKB Yatirim Ortakligi A.S. as of 31.12.2011, in accordance with the Articles 19 and 20 of the Corporate Tax Law, Article 451 of Turkish Commercial Code and the other relevant provisions. 2,593,678,400 shares, each having a nominal value of 1 Kurush, to be issued due to the merger, have been distributed to the shareholders of TSKB Yatirim Ortakligi A.S., which has dissolved after such merger.

Group (A) shares are registered shares, and Group (B) shares are bearer's shares. Transfer of the shares are subject to the provisions of Turkish Commercial Code and Capital Markets Board's regulations.

The Board of Directors shall be entitled to increase the issued capital by issuing new shares up to the registered upper limit of the capital, in accordance with the provisions of the Capital

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Markets Law. Resolutions regarding capital increases shall be announced to the public by virtue of material disclosures.

In respect of capital increases, in the event that preemptive rights have been exercised, then the remaining shares, or in the event that exercise of the preemptive rights is subject to any restriction, then all recently issued shares shall be offered to public at the market price, not to be less than the nominal value.

Unless all issued share certificates are entirely sold and the amounts of the same are fully paid, no new shares may be issued, except for the increase covered from internal resources.

In case of presence of any conditions prescribed by the Capital Market Law and the regulations of the Capital Markets Board, the shareholders are entitled to leave by selling their shares to the Company. In respect of any special cases such as the right to leave regarding the shares, voluntary or mandatory tender offers, right to dismiss a shareholder, and right to sell, the principles and procedures of the Capital Markets Board shall be complied.

The term off-stock exchange acquisition shall be determined in accordance with the regulations of Borsa Istanbul A.S.

The expression "listed" shall mean the shares listed both at Borsa Istanbul A.S., and the international exchanges. No off-stock exchange acquisitions shall be recognized by the Company.

In the event that the listed registered shares are sold on the exchange, then notification by the Central Registry Agency, of the acquisition by the transferee, to the Company, or provision of technical access to such details by the Company, will serve as a prerequisite for recognizing such transferee as a shareholder by the Company. In case of off-stock exchange acquisitions, it is required that the transferee shall apply to the Company in writing. Unless such notification is served, and such access is provided, Article 495 and the other relevant, in particular Article 497 (4) of Turkish Commercial Code, will not become applicable and effective thereto.

The Transferee may not attend the general assembly meeting, may not exercise its voting right(s) and its such other rights arising from such right(s), may not file any action for cancellation and avoidance/nullity, and may not claim for injunction in relation to such actions and files, unless and until it is recognized by the Company. The provisions of the 2nd sentence of Article 497 (2) of Turkish Commercial Code, and the 3rd paragraph of the same are hereby reserved.

The provisions of Article 379 of Turkish Commercial Code, Article 22 of the Capital Market Law and of the other relevant legislation in relation to acquisition of its own shares by the Company are hereby reserved.

The shares representing the capital shall be monitored on dematerialized basis in accordance with the principles of dematerialization.

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PRINCIPLES IN RELATION TO MANAGEMENT OF PORTFOLIO OF THE COMPANY

Article 12/p- The Company may invest in the shares of any companies established in Turkey, including any state-controlled enterprises covered by privatization.

BOARD OF DIRECTORS AND TERM OF OFFICE

Article 16- The affairs and management of the Company shall be carried out by a board of directors, to consist of at least 5 (five) and at most 7 (seven) members, the majority of whom will be non-executive, and who will be elected by the general assembly to serve for a period of 1 (one) year until the ordinary general assembly meeting of the next year in accordance with the provisions of Turkish Commercial Code and Capital Markets legislation. In respect of election of the members of the Board of Directors; each of the Group (A) shares shall be entitled to 1.000.000 (one million) voting rights, and each of the Group (B) shares shall be entitled to 1 (one) voting right. The Board of Directors shall elect and appoint a Chairman and a Deputy Chairman among its members, each year.

The general assembly shall elect independent members of the board of directors at a sufficient number in accordance with the principles in relation to independence of the members of board of directors as specified in the Corporate Governance Principles of the Capital Markets Board, provided that there shall be at least 2 (two) such members.

The number and qualifications of the independent members to hold office at the Board of Directors shall be determined in accordance with the regulations, regarding corporate governance, promulgated by the Capital Markets Board.

Any legal person may be elected to hold office as a member of the board of directors; in that case, in addition to the legal person, appointed as a member of the board of directors, a real person, designated by such legal person, materializing such legal person shall also be registered and announced. Proposals to be made, and the votes to be cast by such real person at board of directors' meetings, shall be deemed to have been made and cast by that legal person. All responsibility thereto shall be borne by the legal person acting as the member indeed. Such real person may be substituted at any time upon unilateral will of the legal person. In such case, dismissal process shall not be required to be performed. No representative of the legal person may be elected as a member of the Board of Directors on behalf of such legal person.

The Board of Directors shall carry out and fulfill the duties granted as per Turkish Commercial Code, Capital Market Law, Articles of Association of the Company, resolutions adopted by the general assembly, and the provisions of the relevant legislation. The Board of Directors shall be authorized to adopt resolutions in respect of any matters excluding the ones for which resolutions should be adopted by the General Assembly, by virtue of the law or the Articles of Association.

Any member, whose term of office may have expired, shall be eligible for re-election. In the event that the seat of any member of the board of directors becomes vacant for any reason whatsoever; the Board of Directors shall appoint a person, who meets the statutory requirements prescribed by TCC (Turkish Commercial Code) and the Capital Market Law, for such seat temporarily; and shall submit such person to the approval of the next immediate general

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assembly meeting. Any member, so appointed, shall hold office until expiration of term of office of the holder of such seat. The provisions of paragraph 2) of Article 363 of Turkish Commercial Code are hereby reserved.

Members of the board of directors may be dismissed from office at any time by the general assembly meeting, if there is an item, regarding dismissal of members of board of directors, on the agenda, or in case of any justified reason even if there is no such item on the agenda at all. Provisions, regarding responsibilities of the members of the board of directors, of Turkish Commercial Code, are hereby reserved.

The Board of Directors may establish committees or commissions, which may be attended by the members of the board of directors, for the purpose of fulfilling its duties and responsibilities in a smooth and sound manner, to monitor course of affairs and business, to draw up reports in relation to the matters to be submitted to it, to have any resolutions implemented, or for the purpose of internal auditing. Establishment of committees within the organization of the Board of Directors, and determination of fields of duty and working principles of such committees shall be based on Turkish Commercial Code, Capital Market Law, regulations regarding corporate governance of the Capital Markets Board, and the provisions of any such other relevant legislation.

REQUIREMENTS FOR ELIGIBILITY FOR BECOMING A MEMBER OF BOARD OF DIRECTORS

Article 17- It is required that the majority of the members of the board of directors consists of Turkish Nationals, and that such persons meet the requirements prescribed by Turkish Commercial Code and the Capital Market legislation.

MEETINGS OF THE BOARD OF DIRECTORS, AND COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Article 18- The Board of Directors shall convene upon call of the Chairman or the Deputy Chairman, whenever the affairs of the Company so necessitate. However, it should strictly convene at least once a month. Each member of the Board shall be entitled to one vote. Date and agenda of the meetings of the board of directors shall be determined by the Chairman. However, the date of the meeting may also be determined by virtue of a resolution to be adopted by the Board of Directors. The agenda so determined may be subsequently revised upon a resolution on the matter of the Board of Directors.

Each member of the board of directors may request, in writing, from 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 take pains 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.

Venue of the meeting shall be the principal office of the Company. However, the board of directors may convene at any such other location, provided that a resolution is adopted for such purpose.

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The persons, entitled to attend the meetings of the board of directors of the Company, may also attend such meetings on-line pursuant to Article 1527 of Turkish Commercial Code. The Company may establish an Electronic Meeting System, enabling the persons entitled to attend such meetings, to attend such meetings and to cast votes on-line pursuant to the Communiqué on Board Meetings of Trading Companies to be Held On-line, Apart from General Assembly Meetings of Joint Stock Companies, or may procure services from systems established for such purpose. It shall be ensured that the persons, entitled to attend such meetings are enabled to exercise the rights granted to them as per the relevant legislation, in accordance with the provisions of the Communiqué, through the system established pursuant to this provision of the Articles of Association of the Company, or through the system to provide support services.

The Board of Directors shall convene upon presence of majority of the total number of the members. Any resolution shall be adopted with the vote in favor of majority of the members present at the meeting. 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.

Members of the board of directors shall cast their votes either on affirmative or dissenting basis. Any member, casting dissenting vote, shall specify the grounds thereto on the resolution, and shall so undersign such resolution.

The members of the board of directors may not cast their votes so as to represent each other, and any members, who have not attended the meeting, may not cast their votes through the agency of their proxies.

Unless any of the members has requested for convention of the meeting as per Article 390 (4) of Turkish Commercial Code, resolutions in response to a proposal made, in writing, in the form of a resolution, by any of the members, to all of the members of the board of directors, may be adopted through obtaining the approval, in writing, of at least the majority of the total number of the members.

In respect of the related party transactions of the Company, which are deemed to be of important nature in respect of implementation of Corporate Governance Principles, and the transactions in relation to granting any guarantees, pledges and mortgages for the favor of any third persons, the regulations of the Capital Markets Board, the implementation of which is prescribed to be mandatory, shall be adhered.

The Corporate Governance Principles, the implementation of which is prescribed to be mandatory by the Capital Markets Board, shall be duly followed. Any transactions, which are not performed in compliance with such mandatory principles, and the board resolutions so adopted, shall be null and void, and shall be deemed to be in breach of the Articles of Association.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Article 9- Provided that it is determined by a resolution adopted at the general assembly meeting, chairman and the members of the board of directors may be provided with remuneration, gratuity, attendance fee and premiums.

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MANAGEMENT, ENGAGEMENT OF THE COMPANY, AND TRANSFER OF MANAGEMENT

Article 20- The Company shall be managed and represented by the board of directors. The Board of Directors shall carry out and fulfill the duties granted to it by the general assembly, not only by these Articles of Association, but also by Turkish Commercial Code, Capital Market Law and the other relevant legislation.

Any documents to be issued, and any agreements to be executed by the Company, shall be required to bear the signatures of two persons, authorized to represent and engage the Company, affixed under the Company's trade name, in order to be valid and effective. In respect of representation of the Company with respect to any matters, which are explicitly stated on a resolution of the board of directors; any persons, who will represent the Company with respect to such matters, may be equipped with an individual power to sign, provided that any such person is a member of the board of directors. The Company shall be represented and engaged through double signatures on matters apart from those stated on the respective resolution adopted by the board of directors.

Provided that any duties and powers, which are prescribed to be of nontransferable nature as per Article 375 of Turkish Commercial Code, are reserved; the Board of Directors may delegate either the entire or any portion of its representation powers to one or several managing directors, designated among its members, or to any executive managers, who are not members of the board of directors, in accordance with Article 370 (2) of the said Code, and may delegate either the entire or any portion of any managerial functions, to one or several managing directors, designated among its members, or to any executive managers, who are not members of the board of directors, in accordance with Article 367 (2) of the said Code. It is required that at least one of the members of the board of directors is equipped with the representation power.

Provided that any duties and powers, which are prescribed to be of nontransferable nature under Article 375 of Turkish Commercial Code, as well as any nontransferable duties and powers specified under the other articles of the said Code are reserved, the Board of Directors may delegate the management either entirely or in portion to the General Manager by virtue of an internal directive in accordance with Article 367 of Turkish Commercial Code.

Unless the management is not delegated, then all members of the board of directors shall be responsible for the management.

The persons, who are authorized to represent the Company, may not enter into any business transactions outside the purpose and scope of the Company as described under Article 5, or may not act in violation of the law. Otherwise the Company shall recourse to such persons in case the Company is held accountable for any such business transactions or actions. In cases, where any third party is aware of, or is at a position to know that the business transaction carried out is outside the purpose and scope of the Company, the Company shall not be bound by that transaction. Any third parties, engaging in business transactions with the Company on continuous basis, receiving letters from the Company explaining the situation or warning the other party, or notifying the resolutions adopted by the Company, and acknowledging the same, may not claim to be acting in good faith.

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In order to enable that any documents and agreements, to be issued and executed on behalf of the Company, and that the Company is represented accordingly, and also that such documents and agreements bind the Company, the persons to be authorized to sign and to execute, and the fashion of such signing and execution shall be determined by the board of directors. Any resolutions of the board of directors shall be had registered and announced.

GENERAL MANAGER AND MANAGERS

Article 21- The Board of Directors shall appoint a general manager and any managers at sufficient numbers for performance of affairs of the Company, if and when deemed required. It is required that the general manager meets the qualifications prescribed to be necessary by the Capital Market legislation and Turkish Commercial Code.

The General Manager shall be obliged to manage the Company in accordance with the resolutions of the board of directors, and the provisions of Turkish Commercial Code, Capital Market legislation as well as the provisions of such other relevant regulations. The general manager shall not act with the capacity of a member of the board of directors, but s/he shall attend the meetings of the board of directors, but s/he shall not be entitled to cast any votes at any such meetings.

A general manager may be appointed to serve for a certain period of time exceeding the term of office of the members of the board of directors.

PROHIBITIONS FOR THE MANAGERS

Article 22- The Members of the Board of Directors may not enter into any transactions with the Company, either in person or indirectly and either for their own name or for any other persons, without obtaining the consent of the general assembly in accordance with Articles 395 and 396 of Turkish Commercial Code, and may not carry out any transactions, which are of the nature identical to that of the Company as corresponding to the sphere of activity and operation of the Company, either for their own name or for any other persons; and may not subscribe to any company involved in any business identical to the kind of that of the Company, by holding the capacity of a shareholder whose responsibility is unlimited.

Any member of the board of directors may not participate in any negotiations and discussions in relation to any matters, where the personal and external interest of her/his own or any of the persons either from her/his immediate or secondary posterity, or her/his spouse, or any of her/his kinsmen and affinities by marriage up until the third degree, including the same, which conflict with any interest of the Company. Such prohibition shall be applicable also to any cases, where non-participation of any such member of board of directors in any such negotiations and discussion, is required as per the principle for integrity. In case of any situations leading to any doubt thereto, the decision regarding such participation shall be made by the board of directors. The concerned member shall not attend to such voting at all. Even if the board of directors are not aware of any such conflict of interest, the concerned member shall be obliged to disclose such conflict, and to adhere to such prohibition. Any member of the board of directors acting in breach of such provisions, and any members, who have not raised any objections against participation of the concerned member to the meeting although such conflict of interest was present and known practically, and the members of the board directors, who have made a

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decision enabling participation of the concerned member to the meeting, shall be obliged to indemnify any damage and losses which may be incurred by the Company for such reason.

Furthermore, actions in relation to determination and implementation of any prohibitions applicable to the managers, shall be taken in compliance with the principles, which are prescribed to be implemented mandatory, of Corporate Governance Principles of the Capital Markets Board, as well as the relevant articles of Turkish Commercial Code.

AUDIT

Article 23- The general assembly of the Company shall designate an independent auditing firm to act as the auditor of the Company for each individual accounting year of the same. Following such designation, the board of directors shall have the details about the auditor, equipped with the duty to audit, registered; and shall announce such details both on the Trade Registry Gazette of Turkey, and on the website of the Company.

In respect of auditing of the Company, the provisions of Articles 397 to 406 of Turkish Commercial Code, and the provisions of the Capital Markets legislation and such other relevant regulations shall prevail.

Article 24- Abrogated.

GENERAL ASSEMBLY MEETINGS

Article 25- General Assembly Meetings shall convene in ordinary and extraordinary basis in accordance with the provisions of Turkish Commercial Code and Capital Market legislation. Ordinary general assembly meetings shall be convened once a year and within three months as of the end of accounting year of the Company; and the matters available on the agenda drawn up by the board of directors shall be discussed and resolved by considering Article 409 of Turkish Commercial Code. The matters in respect of dismissal from office of the members of the board of directors, and election of new members for the seats of such dismissed members, shall be considered to be related to the agenda item regarding the discussion of the year-end financial statements. Financial statements, annual report of the board of directors, auditors' report and profit distribution proposals by the board of directors shall be submitted to the examination of the shareholders at the principal office and branches of the Company at least three weeks prior to the date of the general assembly meeting.

Extraordinary general assembly meeting shall be convened when so required by the affairs of the Company, or arising of any reasons specified under Articles 410, 411 and 412 of Turkish Commercial Code, and shall adopt the necessary resolutions in accordance with Turkish Commercial Code and the Capital Market legislation.

Venue and time of convention of any extraordinary general assembly meetings shall be duly announced.

Provided that Article 438 of Turkish Commercial Code is reserved, any matters, which are not included to the agenda, shall not be discussed.

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Call for general assembly meetings shall be subject to Article 414 of Turkish Commercial Code. Provisions of the relevant articles of Capital Market Law are reserved. Insofar, the general assembly may be called for convention by the board of directors, even if the term of office thereof has expired.

Provisions of the communique promulgated by the Capital Markets Board, governing prohibition of transfer of shares which are monitored as registered, limited to the date of the General Assembly meeting are hereby reserved.

General assembly meetings shall be convened upon attendance of the shareholders, representing at least one fourth of the capital of the Company, except for any cases for which any provisions on the contrary are available in the Turkish Commercial Code. It is required that such quorum is maintained during the period of such meetings. It is required that the managing directors, if any, and at least one member of the board of directors, and the independent auditor are present at the general assembly meetings. The provision of paragraph 5) of Article 421 of Turkish Commercial Code is hereby reserved.

General assembly meetings shall be chaired by the chairman of the board of directors, or by the deputy chairman in case of absence of the chairman, or by the member present at such meeting, in case of absence of the deputy chairman. General assembly meetings shall be administered in accordance with provisions of the "Internal Directive on General Assembly Meetings" of the Company.

During the general assembly meetings, provided that provisions of Article 11 of these Articles of Association are reserved, each share with a nominal value of 1 Kurus shall grant one voting right; and the shareholders shall cast their votes at the general assembly meetings, in proportion to the overall nominal value of the shares held by them, pursuant to Article 434 of Turkish Commercial Code.

Electronically participation in the general assembly meetings

The persons, who are entitled to attend the general assembly meetings of the Company, may also electronically participate in such meetings in accordance with Article 1527 of Turkish Commercial Code. The Company may establish an Electronic General Assembly Meeting System enabling the shareholders to attend General Assembly meetings, to state their opinions, to make proposals and to cast votes on-line pursuant to the Regulation on General Assembly Meetings of Joint Stock Companies to be held On-line, or may procure services from the systems established for such purpose. It shall be ensured that the shareholders and their representatives are provided with the opportunity to exercise the rights granted to them under the said Regulation, through the system established pursuant to this provision of the Articles of Association of the Company, at all general assembly meetings.

VENUE OF THE MEETING

Article 26- General assembly meetings shall be held at the principal office of the Company, or at any other location to be deemed appropriate by the board of directors. The provisions of the Capital Market legislation and the provisions of Article 415 of Turkish Commercial Code shall

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be applicable in respect of any matters regarding the shareholders to attend the general assembly meetings.

PRESENCE OF REPRESENTATIVES OF THE CONCERNED MINISTRY AT THE MEETINGS

Article 27- It is required that representatives of the concerned Ministry are present as per Article 407 of Turkish Commercial Code, at any ordinary or extraordinary general assembly meetings, as well as at any other meetings to be held in case of adjournment of such ordinary or extraordinary general assembly meetings. Actions shall be taken by acting in compliance with the other regulations prescribed by Article 407 of Turkish Commercial Code, regarding representatives of the concerned Ministry.

APPOINTMENT OF REPRESENTATIVES

Article 28- The shareholders may be represented at the general assembly meetings in accordance with the provisions of Articles 427 to 431 of Turkish Commercial Code. In case of casting of votes in proxy, actions shall be taken by acting in compliance with the relevant regulations of the Capital Markets Board.

FASHION OF VOTING

Article 29- Votes shall be casted at the general assembly meetings in accordance with the internal directive to be drawn up by the board of directors in accordance with the regulations of the Ministry of Customs and Commerce. Any shareholders, who do not physically attend such meetings, shall cast their votes in accordance with the provisions of the legislation in relation to electronically held general assembly meetings. In respect of casting of votes at the general assembly meetings, regulations of the Capital Markets Board and of Turkish Commercial Code shall be adhered.

ANNOUNCEMENTS

Article 30- In respect of announcements pertaining to the Company, actions shall be taken by acting in compliance with the provisions of Turkish Commercial Code and the regulations of the Capital Markets Board.

The procedure for call for convention of the general assembly meetings, the fashion and contents of announcements regarding the calls are available in the Regulation on the Principles and Procedures regarding General Assembly Meetings of Joint Stock Companies, promulgated by the Ministry of Customs and Commerce.

In respect of any announcements regarding decrease of the capital and liquidation, the obligations to provide information and to issue announcements arising from the Capital Market regulations and Turkish Commercial Code are hereby reserved.

In respect of any announcements and advertisements pertaining to the Company, actions shall be taken by acting in compliance with the provisions regarding public disclosure, as specified in

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Capital Market regulations. Any announcements to be disclosed by the Company as per the relevant regulations, shall also be issued on the website of the Company.

ACCOUNTING YEAR

Article 32- The accounting year of the Company shall start as of the first day of January, and shall end on the last day of December.

DETERMINATION AND DISTRIBUTION OF PROFIT

Article 33- The Company shall act in compliance with the regulations regarding distribution of profit as prescribed by Turkish Commercial Code and Capital Market Legislation. The remaining (net) profit, shown on the annual balance-sheet, drawn up in accordance with the capital market legislation, remaining after the general expenses of the Company and the amounts required to be paid and reserved on mandatory basis by the Company, such as various depreciation, and the reserves allocated for the taxes for which the Company is obliged to pay as being a legal entity, and for any financial obligations, are deducted from the revenues determined at the end of the accounting year of the Company, shall be distributed in the below given order;

a) General legal reserve: A general legal reserve amounting to 5% shall be reserved in accordance with the provisions of Article 519 of Turkish Commercial Code.

First dividend;

b) It is required that at least 20% of the amount to be calculated by adding the amounts of any donations performed within the year, if any, is distributed in cash as the first dividend. In respect of distribution of dividends of the Company, the principles determined by the Board for publicly held joint stock companies shall be adhered.

c) After the above-mentioned deductions are made, the General Assembly shall be entitled to resolve on distribution of profit shares to the members of the board of directors, officers, servants and employees, any foundations established for various purposes and to such other persons and institutions/organizations that are of similar nature.

Second dividend:

d) The General Assembly shall be entitled to distribute the amount remaining after the amounts specified under the sub-paragraphs (a), (b) and (c) are deducted from the net profit, either in whole or in portion as the second dividend, or to carry on the same on the balance-sheet as the period-end profit, or to add the same to any legal or contingency reserves, or to allocate the same as extraordinary legal reserve.

e) The one tenth of the amount, calculated after a profit share at some 5% of the paid-in capital is deducted from the portion, which is resolved to be distributed to the shareholders and the persons participating in the profits, shall be added to the general legal reserve in accordance with the relevant provisions of Turkish Commercial Code. No general legal reserve shall be allocated in case of distribution of the share profit and/or the undistributed profits available on the balance-sheet, in the form of shares by means of capital increase.

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f) Unless the legal reserves, which are required to be allocated in accordance with the provision of the law, are allocated and unless the first dividend specified for the shareholders within the Articles of Association has been distributed in cash; no resolution may be adopted to allocate any other legal reserves, transfer of profit to the following year and distribution of any profit shares, as well as distribution of profit shares to the members of the board of directors, officers, employees, workers of the Company, and to any foundations established for various purposes and to any other persons/organizations of similar nature.

g) Profit share shall be distributed equally to all of the existing shares as of the date of distribution, without taking into account the date of issuance and acquisition of such shares.

h) If the Company has acquired its own shares, then a legal reserve at a sufficient amount to meet such acquisition values shall be allocated in accordance with Article 520 of Turkish Commercial Code.

i) Unless the optional legal reserves, prescribed by the law and the Articles of Association, are allocated, no profit share to be distributed to the shareholders may be determined. Optional reserves to be allocated by the Company shall be subject to the provisions of Article 521 of Turkish Commercial Code. The provisions of sub-paragraph 3) of Article 519 of Turkish Commercial Code are hereby reserved.

i) Dividend advance may be distributed to the shareholders in accordance with the Capital Market Legislation.

TIME OF DISTRIBUTION OF PROFITS

Article 34- In respect of distribution of the profit, the relevant article of the Capital Market Law and the communiqués of the Board shall be adhered.

Article 35- Abrogated.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 36- In respect of dissolution and liquidation of the Company, and the manner of performance of any transactions regarding such dissolution and liquidation, the provisions of Turkish Commercial Code, Capital Market Legislation and the provisions of the other relevant regulations shall prevail.

Provisional Article 1- Abrogated.

Provisional Article 2- Abrogated.

Provisional Article 3- Abrogated.

Provisional Article 4- Abrogated.

XII. Profit Distribution Policy:

As per Article 33 of the Articles of Association of the Company, it is required that at least the 20% of our net distributable profit be distributed as the first dividend. As per the resolution, adopted at the meeting, dated 20.02.2013, of the Board of Directors, the Profit Distribution Policy has been revised as follows, and has been approved at the General Assembly meeting

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held on March 27, 2013. Accordingly;

Provided that the critical balance between the expectations of our shareholders and the necessity of growth of our Company is not impaired, and also that the profitability status of our Company is taken into account; a profit distribution policy, based on proposal of distribution of the amount, which corresponds to either the 5% of our portfolio value (net assets value) originated as of the end of the previous year, or the 30% of our net distributable profit for the current year, whichever is higher, in cash, to the General Assembly, has been adopted.

XIII. Amendment of the legislation:

The Communique Regarding the Securities Investment Trusts, numbered III-48.2, of the Capital Markets Board, has been promulgated on August 29, 2013. The said communique is not only intended to ensure compliance with the Capital Market Law, numbered 6362, but also covers some significant novel practices. Accordingly, some operational changes have been realized, and the activities for amendment of the articles of association have been initiated. The draft articles of association, drawn up in accordance with the said communique, has been approved by the Board of Directors on December 26, 2013; and an application for amendment of the articles of association has been filed with the Capital Markets Board on December 27, 2013. A period of one (1) year is granted for compliance with the said communique, and the activities in relation to such compliance is in progress at the present.

XIV. Litigation:

Article 479/2 of the Turkish Commercial Code, numbered 6102, reads as follows; *"One single share may be granted with at most fifteen voting rights. Such limitation shall not apply when so required by institutionalization, or in case any just cause for such purpose is evidenced. Under the above given circumstances, the commercial court of first instance at the location, where the principal office of the company is situated, should adjudicate for exemption in respect of such limitation upon reviewing the institutionalization project or the just cause..."* Basing on the above given provision, Is Yatirim Menkul Degerler A.S., Anadolu Hayat Emeklilik A.S. and Yatirim Finansman Menkul Degerler A.S., holding the Group A shares, amounting to TL 4.125.019.-, of our Company, have applied to the Commercial Court of First Instance of Istanbul on 26.02.2013, by claiming that the limitation specified under Article 479/2 of the Turkish Commercial Code, numbered 6102, should not be applied to the Group A shares owned by them, due to the presence of just causes; and also that the privilege granted to such shares should be maintained under the articles of association, verbatim. In respect of the legal action/lawsuit with the Basis number 2013/60, where our Company is the defendant; the 3rd Commercial Court of First Instance of Istanbul has adjudicated that the limitation, specified under Article 479/2 of the TCC, is not applicable to the Group A privileged shares, and also that the mentioned shares are exempted from the limitation, by means of its reasoned decision dated 07.11.2013.

XV. Miscellaneous matters:

The Company did not make any donations throughout the accounting year of 2013.

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Portfolio and Net Asset Value Statement:

The detailed portfolio and net asset value statement, which is the latest released one within the relevant period, of the Company, is given as follows;

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Type of Securities	Nominal Value	Total Acquisition Cost	Total Current Value	Group (%)	Overall (%)
1) EQUITY	7.432.414,50	46.288.442,70	41.895.096,22	100.00%	16.04%
Communications	275.000,00	2.946.388,70	2.816.250,00	6.72%	1.08%
TTKOM	50.000,00	333.316,82	285.000,00	0,68%	0,11%
TCELL	225.000,00	2.613.071,88	2.531.250,00	6.04%	0.97%
Intermediary Institutions (Brokerage Houses)	0.61	0.93	0.75	0.00%	0.00%
ISMEN	0.61	0.93	0.75	0.00%	0.00%
Exchange Mutual Funds	388,107.00	9,150,348.11	7,350,746.58	17.55%	2.81%
ISY30	388,107.00	9,150,348.11	7,350,746.58	17.55%	2.81%
Food, Spirits and Tobacco	30,500.00	2,418,512.53	3,217,750.00	7.68%	1.23%
DOCO	30,500.00	2,418,512.53	3,217,750.00	7.68%	1.23%
Chemistry, Oil, Rubber and Plastics	25,000.00	1,173,721.18	995,000.00	2.37%	0.38%
TUPRS	25,000.00	1,173,721.18	995,000.00	2.37%	0.38%
Metal Key Industry	273.799,37	642,515.45	640,690.02	1.53%	0.25%
KRDMD	0.37	0.46	0.36	0.00%	0.00%
EREGL	273,799.00	642,514.99	640,689.66	1.53%	0.25%
Metal Items, Machinery and Equipment	35,000.00	420,500.00	404,250.00	0.96%	0.15%
ARCLK	35,000.00	420,500.00	404,250.00	0.96%	0.15%
Retail Trade	60,000.33	1,278,934.67	864,004.75	2.06%	0.33%
MGROS	60,000.33	1,278,934.67	864,004.75	2.06%	0.33%
Transportation	0.54	4.09	3.13	0.00%	0.00%
THYAO	0.54	4.09	3.13	0.00%	0.00%
Banks	3,550,005.50	18,365,610.68	15,721,998.04	37.53%	6.02%
YKBNK	350,000.21	1,420,312.67	1,239,000.74	2.96%	0.47%
TSKB	1,549,999.63	2,949,668.87	2,588,499.38	6.18%	0.99%
ISATR	6.00	167,004.05	99,000.00	0.24%	0.04%
HALKB	250,000.00	3,713,125.21	2,912,500.00	6.95%	1.12%
GARAN	875,000.00	6,461,793.31	5,670,000.00	13.53%	2.17%
AKBNK	524,999.66	3,653,706.57	3,212,997.92	7.67%	1.23%
Holdings and Investments Trusts	2,395,001.15	8,908,842.61	9,064,402.96	21.64%	3.47%
SISE	0.66	1.85	1.70	0.00%	0.00%
SAHOL	300,000.00	2,668,739.69	2,436,000.00	5.81%	0.93%
KCHOL	225,000.00	2,093,578.23	1,822,500.00	4.35%	0.70%
ISGSY	1,870,000.49	4,146,522.84	4,805,901.26	11.47%	1.84%

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Real Estate Investment Company	400,000.00	983,063.77	820,000.00	1.96%	0.31%
EKGYO	400,000.00	983,063.77	820,000.00	1.96%	0.31%
II) DEBT SECURITIES	205,748,831.00	212,841,710.67	204,296,717.37	100.00%	78.23%
TRT040614T12	2,500,000.00	2,510,180.46	2,507,650.75	1.23%	0.96%
TRT060814T18	7,000,000.00	7,395,911.98	7,365,859.20	3.61%	2.82%
TRT070115T13	9,500,000.00	9,927,447.15	9,506,131.30	4.65%	3.64%
TRT071015T12	6,500,000.00	6,517,234.62	6,460,417.60	3.16%	2.47%
TRT080317T18	7,000,000.00	7,600,461.54	7,020,886.60	3.44%	2.69%
TRT080323T10	2,000,000.00	1,728,990.00	1,670,885.60	0.82%	0.64%
TRT120122T17	11,700,000.00	14,501,362.36	11,683,971.00	5.72%	4.47%
TRT130515T11	9,000,000.00	8,675,650.54	8,521,076.70	4.17%	3.26%
TRT140218T10	9,000,000.00	9,336,730.75	8,131,509.90	3.98%	3.11%
TRT140922T17	7,500,000.00	8,737,802.09	6,908,832.75	3.38%	2.65%
TRT150120T16	6,300,000.00	7,987,581.00	6,709,133.34	3.28%	2.57%
TRT170615T16	4,300,000.00	4,753,260.30	4,333,136.23	2.12%	1.66%
TRT200618T18	11,500,000.00	11,403,591.33	10,818,769.90	5.30%	4.14%
TRT240914T15	10,000,000.00	10,354,611.54	10,058,588.00	4.92%	3.85%
TRT270116T18	7,500,000.00	7,519,126.93	7,648,479.00	3.74%	2.93%
TRT270923T11	2,000,000.00	2,021,120.88	1,856,554.40	0.91%	0.71%
TRQSKBK21411	2,500,000.00	2,500,000.00	2,527,175.00	1.24%	0.97%
TRQVKFB11416	3,091,845.00	2,980,597.61	3,079,703.32	1.51%	1.18%
TRSAKBK11416	500,000.00	493,085.00	498,804.60	0.24%	0.19%
TRSAKBK21514	5,610,000.00	5,628,298.00	5,646,494.73	2.76%	2.16%
TRSAKBK41512	900,000.00	903,547.74	901,593.00	0.44%	0.35%
TRSAKBKK1419	5,000,000.00	5,000,000.00	5,018,131.50	2.46%	1.92%
TRSAFK21416	980,000.00	997,872.62	991,344.77	0.49%	0.38%
TRSBEDS41611	13,740,000.00	13,789,706.38	13,986,573.92	6.85%	5.36%
TRSCCKB11511	3,990,000.00	4,004,342.86	4,086,582.74	2.00%	1.56%
TRSCRSIA1516	2,260,000.00	2,414,212.96	2,289,842.85	1.12%	0.88%
TRSDVA61615	1,330,000.00	1,331,445.63	1,331,634.84	0.65%	0.51%
TRSERGL31517	5,000,000.00	5,019,083.39	5,135,163.00	2.51%	1.97%
TRSBINGB11411	2,790,000.00	2,598,745.50	2,779,732.24	1.36%	1.06%
TRSBISFN21416	4,650,000.00	4,688,827.50	4,708,563.03	2.30%	1.80%
TRSKCTF11513	3,000,000.00	3,000,000.00	3,017,583.00	1.48%	1.16%
TRSORFNK1518	3,500,000.00	3,500,000.00	3,546,883.20	1.74%	1.36%
TRSPKPB61517	4,780,000.00	4,824,275.07	4,801,645.75	2.35%	1.84%
TRSRNSH71616	4,700,000.00	4,700,000.00	4,801,346.57	2.35%	1.84%
TRSRNSHA1514	2,370,000.00	2,409,789.35	2,366,158.94	1.16%	0.91%
TRSTAMFA1515	2,500,000.00	2,500,000.00	2,512,205.75	1.23%	0.96%
TRSTCZB41418	46,000.00	46,392.72	46,663.76	0.02%	0.02%
TRSTEBK61414	7,060,986.00	6,645,776.47	6,795,936.36	3.33%	2.60%
TRSTISB11413	6,770,000.00	6,411,550.60	6,728,288.00	3.29%	2.58%
TRSTPFC71516	2,670,000.00	2,716,404.60	2,684,053.55	1.31%	1.03%
TRSTPFC1419	2,710,000.00	2,766,693.20	2,812,730.68	1.38%	1.08%
III) OTHER	12,842,535.00	10,925,000.00	10,931,459.71	100.00%	4.19%
BPP	925,000.00	925,000.00	925,566.56	8.47%	0.35%
Repo TRSRNSH71616	11,917,535.00	10,000,000.00	10,005,893.15	91.53%	3.83%
IV) FUTURES CONTRACTS					
SHORT POSITIONS	1,200.00	9,842,707.44	9,327,000.00	100.00%	3.57%
TURDEX F_XU0301213S0	1,200.00	9,842,707.44	9,327,000.00	100.00%	3.57%

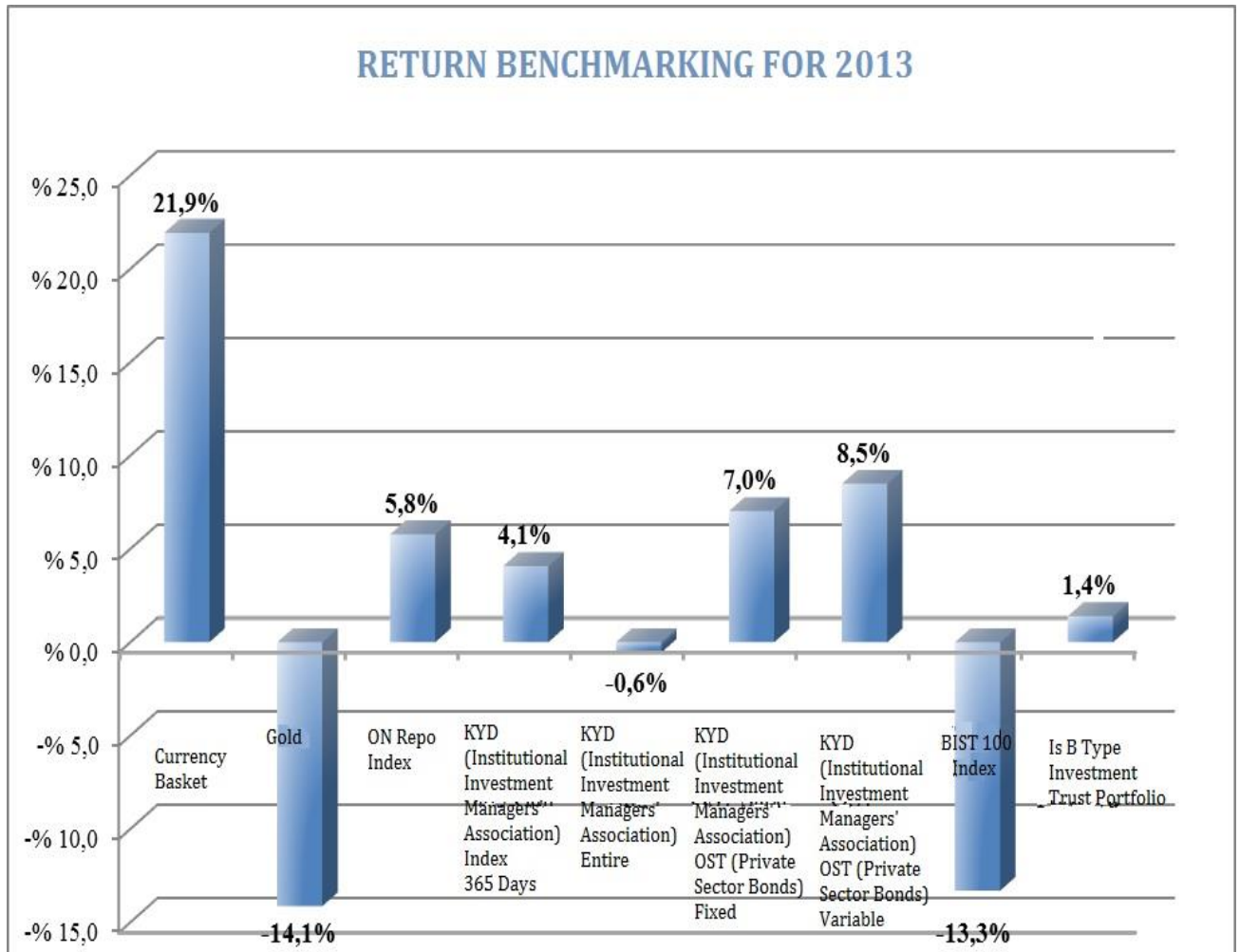
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V) TURKDEX CASH COLLATERAL	4,030,957.67	4,030,957.67	4,030,957.67	100.00%	1.54%
TOTAL PORTFOLIO VALUE (I+II+III+V)			261,154,230.97		
CASH AND CASH EQUIVALENTS (+)			53,866.69		
AMOUNTS RECEIVABLE (+)			218,422.50		
OTHER ASSETS (+)			82,939.16		
LIABILITIES (-)			2,292,182.74		
TOTAL VALUE			259,217,276.58		
TOTAL VALUE / NUMBER OF SHARES					1.61

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CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT FOR 2013

1. Statement of Compliance with Corporate Governance Principles,

Is B Tipi Yatirim Ortakligi, which has adopted the principles of transparency, fairness, responsibility and accountability, is in compliance with the entire of the Corporate Governance Principles, which are set out to be mandatory to be implemented in accordance with the applicable Communiqué Serial IV Number: 56 Regarding Determination and Implementation of the Corporate Governance Principles, of the Capital Markets Board; and with the majority of any such principles which are not set out to be mandatory for such purpose, throughout the period. The few number of principles not implemented, which constitute exception, do not lead to any conflict of interest.

The Company has committees established in accordance with the said communiqué. Before the shareholders' ordinary general assembly, the procedures covering the independent members of the board of directors and the other members of the same have been fulfilled; and the independent members of the board of directors and the other members of the same have been elected at the shareholders' general assembly meeting. The details regarding the activities carried out in relation to the Corporate Governance Principles are set forth within the related section.

PART I - SHAREHOLDERS

2. Shareholder Relations Unit

Ms. Yesim Tukenmez, the General Manager, as well as the other designated staff members (Hande Asan-Muazzez Demircan) are responsible for the activities of the Shareholder Relations Unit, which was established within the organization of the Company in 2009 (Phone: 212/ 284 17 10 – yo@isyatort.com.tr) yo@isyatort.com.tr). The Shareholder Relations Unit is responsible for the maintenance of the details of the shareholders sound and up-to-date, responding the written or verbal inquiries of the shareholders as long as the contents thereof do not constitute trade secrets, the holding of shareholders' meetings in compliance with the applicable legislations and the articles of association, and the disclosure to public of the necessary documents and information related to the shareholders' meeting and other matters. No inquiries, in writing, has been received from the shareholders, and several verbal inquiries received have been responded throughout the year.

3. Exercise of the Right to Information by the Shareholders

Any event, which may affect the exercise of any shareholding rights, is disclosed through the Public Disclosure Platform and the website of the Company. Any inquiry received from shareholders is endeavored to be responded 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 legislations. Any requests for the appointment of a private auditor has not been filed at the shareholders' general assembly meetings held throughout the period.

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4. Shareholders' General Assembly Meetings

Two shareholders' general assembly meetings, one as the ordinary and the other as the extraordinary, have been held throughout the period. The announcements for the meeting were intended to be received by the maximum number of shareholders; and the announcements were released through the Public Disclosure Platform, the e-general assembly system of the Central Registry Agency, the website of the Company, two daily newspapers, disseminated nationwide, and the trade registry gazette, at least 3 weeks in advance of the date of the meeting.

The wordings of announcements contained such details as the agenda and the date of the meetings as well as the meeting venues, and the draft amendment of articles of association, the principles for attention to the meeting and the sample forms of powers of attorney, in addition to which the information document, which included the resumes of the candidate members of the Board of Directors, the total voting rights, and the details regarding the preferred shares, was made available on the website of the Company. During the meetings; the meeting quorum, which is 25% in minimum as per the legislation, have applied; and the attendance ratio has been realized as 47.48% at both meetings at which the entire of the privileged shareholders was present; yet no stakeholders and media have attended such meetings.

Before the shareholders' ordinary general assembly meeting, which has been held both physically and electronically on March 27, 2013, the financial statements, the annual report, the auditor's report, the profit distribution statement, the Internal Directive on the Principles and Procedures of Operation of the General Assembly, and the draft amendment text of the articles of association have been issued electronically, and have been made available at the principal office of the Company. 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 Registry Agency Inc., 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.

Also prior to the shareholders' extraordinary general assembly meeting, which has been held both physically and electronically on May 3, 2013, the draft amended wording of the articles of association was published electronically, and was made available at the principal office of the Company, and 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 subsequently released to the public through the electronic general assembly system of the Central Registry Agency Inc., the 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 of the Company.

The information regarding the donations and aids made throughout the year was addressed as an individual agenda item during the ordinary shareholders' general assembly meeting, and is provided within the annual report. The Company did not make any donations or aids throughout the accounting year of 2013.

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5. Voting Rights and Minority Rights

Utmost efforts shall be made in order for enabling the most convenient and simple fashion of exercise of their voting rights to the shareholders. The stocks of the Company are categorized into Group A and Group B stocks pursuant to the Articles of Association approved by the Capital Markets Board. Each share held entitled 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. The Company does not have any controlled subsidiaries for the purpose of its operations. The minority shareholders did not nominate any candidates for the Board of Directors at the shareholders' general assembly meeting held.

6. Right to Dividends

In accordance with the Profit Distribution Policy, which has been revised on February 20, 2013, of the Company; provided that the critical balance between the expectations of our shareholders and the necessity of growth of our Company is not impaired, and also that the profitability status of our Company is taken into account; a profit distribution policy, based on proposal of distribution of the amount, which corresponds to either the 5% of our portfolio value (net assets value) originated as of the end of the previous year, or the 30% of our net distributable profit for the current year, whichever is higher, in cash, to the General Assembly, has been adopted.

Profit Distribution Policy has been approved at the shareholders' ordinary general assembly meeting, held on March 27, 2013, and has been released to the public through the Public Disclosure Platform and the website of the Company; and has also been included in the annual report. There are no preferential status granted in respect of participation to the profit under the articles of association. The members of the Board of Directors and the employees are not delivered dividends on the basis of founder's shares, and due care is taken for the payment of the dividends within the earliest convenience and with due respect to the periods as provided by the applicable legislations.

At the Shareholders' Ordinary General Assembly Meeting, held on March 27, 2013, of the Company; it has been resolved that the dividend amounting to TL 32.119.857.-, corresponding to the 20% (gross=net) of the issued capital, be distributed in cash from the distributable profits for 2012, as of March 29, 2013; and such distribution has been initiated at the said date, and has been completed on April 2, 2013.

7. Transfer of Shares

The Articles of Association of the Company does not include any provisions that restrict the transfer of shares. Share transfers are subject to the provisions of the Turkish Commercial Code and the Capital Markets legislation.

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PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

The "Information Policy", which was updated in 2012 in line with the amended legislations and the change in prevailing conditions, was published through the website of the Company and the Public Disclosure Platform, and was also submitted to the shareholders for information at the shareholders' meeting, held on April 2, 2012. The primary purpose of the information policy is to ensure the communication of necessary information, which is not of trade secret nature, to the shareholders, employees as well as the other related parties under equal conditions timely, accurately, completely, legibly, conveniently and as accessible at the minimum cost possible. The power and the responsibility for monitoring, supervision and improvement of the public disclosure and the information policy shall be enjoyed and assumed by the Board of Directors. Ms. Yesim Tukenmez, being the General Manager of the Company, and the Shareholder Relations Unit have been appointed to carry out the coordination of the information process. The said officials shall perform and fulfill their responsibilities in close cooperation with the Corporate Governance Committee and the Board of Directors.

9. Website of the Company and Its Content

The corporate website address of the Company, as registered to the Istanbul Trade Registry Office is "www.isyatort.com.tr". Any and all matters provided under the relevant section of the Corporate Governance Principles (the Company does not have information forms in place for collection of stocks and powers of attorney through calls; therefore any matters related thereto are not set forth on the website) are also set forth within the website, and due efforts are made to keep the website up-to-date. Also, a major part of the relevant matters are available in English; and efforts are being paid in order to perfect any probable imperfections in respect of the section in English.

10. Annual Report

The annual reports of the Company entirely include the Corporate Governance Principles as well as any other information provided by the applicable legislations, and the interim annual reports include the details regarding the variations and events, which may have taken place between the end of the previous accounting year and the date of issue of the interim annual report, as contemplated by the Capital Market Legislation.

PART II - STAKEHOLDERS

11. Information of Stakeholders

Any registered information of the Company, which is not of trade secret nature, is communicated to the shareholders and the stakeholders with respect to 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, portfolio value statements are published weekly, and the said information is also made available on the website of the Company.

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The stakeholders may, at the discretion thereof, communicate their opinions or any matter, which they may consider to be in breach of the applicable legislation or the code of ethics, to the Company, and the Corporate Governance Committee or the Audit Committee is informed about any such matters. Any such communication was not received throughout the year 2013.

12. Participation to Management of Stakeholders

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

13. Human Resources Policy

The Company operates through a staff of four members. The establishment of an individual unit for the human resources and the appointment of a separate official to maintain the relations with the staff members were not considered necessary due to the few number of employees and the low diversity of staff members. The personal benefits of the employees 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 Company informs the staff members on the related matters, task descriptions and the performance and operation of related transactions through regular meetings. Due to the fact that the principles for compensation as specified under the legislation are applicable within the organization of the Company, it was not considered necessary to establish a separate Compensation Policy. Any staff complaints were not received throughout the year 2013.

14. Codes of Conduct/Ethics and Social Responsibility

The code of ethics established in order for the maintenance of the Company's operations in integrity, effectively and rationally is set forth within the annual reports and the corporate website of the Company. The Company did not implement or was not involved in any social responsibility projects throughout the year 2013.

PART IV - BOARD OF DIRECTORS

15. Organization and Composition of the Board of Directors

The members of the Board of Directors were elected during the shareholders' ordinary general assembly meeting, held on March 27, 2013, and throughout the accounting period, and have not been assigned any executive duties within the organization of the Company. The resumes of and the duties assigned to the members of the Board of Directors are provided as follows.

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MR. OZGUR TEMEL
CHAIRMAN (02.12.2013 –)

Mr. Temel, who has graduated from the University of Birmingham Business School, has started to hold office at T. Is Bankasi A.S. in 1994. He has served as an auditor at the Supervisory Board Directorate between 1995-2003, and as a Deputy Manager at the Capital Markets Department, Izmir Branch and Ege Corporate Branch, respectively, between 2003-2008. In 2008, he has been appointed as the Division Manager of the Capital Markets Department; and has been promoted to the position of Department Manager in 2013. Mr. Ozgur Temel, who has been elected to serve as the Chairman of the Board of Directors of our Company on 02.12.2013, also holds some offices as a member of the board of directors at some affiliates of our Company.

MR. UFUK UMIT ONBASI
DEPUTY CHAIRMAN (27.03.2013 –)

Mr. Onbasi, who graduated from the Department Economics (English), Faculty of Economic and Administrative Sciences, Istanbul University, served as Assistant Manager at the Capital Markets Department of T. Is Bankasi A.S. between 1991 - 1994, at the Treasury Department of Korfezbank A.S. between 1994 and 1998, at the Treasury Department of Bank Kapital A.S. between 1998 and 2000, and subsequently held the offices of Manager and Group Manager for also for Bank Kapital A.S. in 2000. Mr. Onbasi, who has been appointed as Manager for Domestic Markets Division of Is Yatirim Menkul Degerler A.S. in 2000, has been holding the office of Assistant General Manager at the same Company since 2003. He has also been serving as the Deputy Chairman of the Board of Directors of our Company since 02.04.2011.

Mr. VOLKAN KUBLAY
MEMBER (27.03.2013 –)

Mr. Kublay, who has graduated from the Department of Economics (English), Faculty of Economic and Administrative Sciences, Marmara University, has started to serve as an Assistant Auditor for T. Is Bankasi A.S. in 2000. Mr. Kublay served as Auditor between 2000 and 2008, was appointed to the office of Assistant Manager of the Subsidiaries Departments in 2008, and was promoted to the position of Division Manager of the same department in 2012. Mr. Kublay currently holds the office of Division Manager at the Subsidiaries Department of T. Is Bankasi A.S. Mr. Kublay, who has been elected to serve as a Member of the Board of Directors of the Company on 24.08.2012, also serves as a director for several other affiliates.

Mr. SERKAN UGRAS KAYGALAK
MEMBER (02.12.2013 –)

Mr. Kaygalak, who has graduated from the Department of Business Administration, Faculty of Economic and Administrative Sciences, Middle East Technical University, has started to serve as an Assistant Auditor for T. Is Bankasi A.S. in 1997. He has served as the Deputy Manager at the Fund Management Department between 2006-2008; and as the Tarsus Branch Manager between 2008-2010; and as the Deputy Head of the Supervisory Board between 2010-2013; and has been appointed as the Manager at the Card Payment Systems Department on 29.04.2013. He has been elected to serve as a Member of the Board of Directors of our Company on 02.12.2013.

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Mr. SERHAT GURLEYEN
MEMBER (27.03.2013 –)

Mr. Gurleyen, who has graduated from the Department of Economics, Bogazici University, has served as the Research Manager for TEB Ekonomi Arastirmalari A.S. between 1995 and 1998, and for TEB Yatirim A.S. between 1998 and 2002, and for Is Yatirim Menkul Degerler A.S. between 2002 and 2007. He currently serves for the same company as a Director, and has also been serving as a Member of the Board of Directors of the Company since 28.03.2005.

Mr. ABDULLAH AKYUZ
INDEPENDENT MEMBER (27.03.2013 –)

Mr. Akyuz, who has graduated from the Department of Economics and Finance, Faculty of Political Science, has studied for and obtained his Master's Degree at the California University. Having completed his education, Mr. Akyuz started his professional career as a Researcher for the Capital Markets Board in 1983, and subsequently served as Manager at ISE Bonds and Bills Market, and also served as a Member of the Board of Directors for ISE Settlement and Custody Bank Inc. between 1995 and 1998. Mr. Akyuz, who has served as the Deputy Chairman at ISE between 1994 and 1998, and as the Representative in the USA of Turkish Industry and Business Association between 1999 and 2011, has been a Member of the Board of Directors of Is Yatirim Menkul Degerler A.S. since 01.11.2011, and of the Company since 02.04.2012.

Mr. KAMIL YILMAZ, PhD
INDEPENDENT MEMBER (27.03.2013 -)

Mr. Yilmaz, who has graduated from the Department of Economics, Bogazici University, has studied for and obtained Master's Degree and Doctoral Degree (PhD) at the Maryland University. Mr. Yilmaz, who has worked for the World Bank between 1992 and 1994, and started lecture as a faculty member at Koc University in 1994, conducted research studies as a visiting professor at the Department of Economics, Pennsylvania University between 2003 and 2004 and between 2010 and 2011. Mr. Yilmaz also held the office of the Director of Economic Research Forum, a joint initiative of TUSIAD (Turkish Industry and Business Association) and Koc University between 2007 and 2009. Mr. Yilmaz, who currently is a professor at the Department of Economics, Faculty of Economic and Administrative Sciences, Koc University, has authored numerous academic papers and articles published by reputable national and international periodicals and also books on international trade, international finance, macroeconomics and Turkish economy. Mr. Yilmaz has been a Member of the Board of Directors of the Company since 02.04.2012, and of Is Girisim Sermayesi Yatirim Ortakligi since 07.05.2012.

There are no internal regulations in place that prohibit the members of the Board of Directors to serve outside the organization of the Company. The members of the Board of Directors were authorized at the ordinary shareholders' meeting held in 2013 to perform the business and transactions, which may fall to the scope of operations of the Company, either for their own behalves or on behalf of other in accordance with Turkish Code of Commerce.

The candidates for the Independent Members of the Board of Directors have been submitted to the Board of Directors by the report, dated March 12, 2013, of the Corporate Governance Committee;

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and such candidates have been nominated for the office of member of the board of directors by the resolution, dated March 12, 2013, of the Board of Directors.

A specimen copy of the statements of in dependency submitted to the us by Mr. Kamil Yilmaz, Phd. and Mr. Abdullah Akyuz, the Independent Members of the Board of Directors, are provided as follows;

IS YATIRIM ORTAKLIGI A.S.
BOARD OF DIRECTORS,

I hereby represent and agree on account of being a candidate for the position of independent member of the board of directors of Is Yatirim Ortakligi A.S. (the "**Company**") that

- No employment- or capital-related or significant business relationship has been established between the Company, any related party thereof or any legal entity, to which any shareholder of the Company, holding 10% of the shares thereof or more, directly or indirectly, is related, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree within the last five years,
- I have not served for and not acted as a member of the board of directors of any company, which carries out the entirety or any portion of the operations and the organization of the Company on contractual basis, including, primarily, the companies, which audit, rate or provide consultancy services to the Company, within the last five years,
- I have not been a shareholder or an employee or a member of the board of directors, excluding the position of member of the board of directors at the parent company, of any company, which has provided significant services or goods to the Company, within the last five years,
- I am not a shareholder of Is Yatirim Ortakligi A.S.,
- I enjoy the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the board of directors,
- 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,
- I am considered as resident in the territory of the Republic of Turkey for the purposes of the Income Tax Law,
- I am strongly bound by ethical standards and enjoy 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,
- 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,

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I hold the required qualifications for being eligible to be elected as an independent member of the board of directors in accordance with the Corporate Governance Principles of the Capital Markets Board, as well as the other relevant legislation.

Yours Respectfully,

16. Principles of Operation of the Board of Directors

The Board of Directors convenes at least once a month but, in any case, as frequently as the business of the Company may require to address the agenda to be determined, upon the call/invitation of the chairman or the deputy chairman in accordance with the provisions of the articles of association of the Company. The date and the agenda of the meeting of the board of directors are determined by the chairman; however the date of the meeting may also be determined by the resolution of the board of directors. The agenda so determined may be subsequently revised upon a resolution on the matter of the Board of Directors. Each member of the board of directors may request, in writing, from 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 take pains 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 state the grounds for such dissenting vote and shall sign under the resolution, whereby the opposing opinions are recorded. The board of directors convenes upon attendance of the majority of the total number of the board members and resolves with 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 legislation.

The information and documents related to the meeting agendas and the operations are submitted to the members of the Board of Directors within reasonable periods of time in order to ensure equal flow and distribution of information. The articles of association of the Company provides for the applicable principles, in details, regarding the holding of the meetings of the board of directors; therefore it was not considered necessary for any separate internal regulations to be enacted on the matter. The Board of Directors has adopted 31 resolutions throughout the year 2013, and there are no material transactions or related party transactions not approved by the independent members. Pains are taken to ensure full attendance of all members, and the resolutions are adopted unanimously.

17. Number, Organization and Independent Status of Committees of the Board of Directors

The committees established to meet the operational needs of the Company in accordance with the Corporate Governance Principles as well as the members, activities and governing procedures thereof are provided as follows. The members of the Board of Directors, who serve within the committees, do not hold executive positions.

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AUDIT COMMITTEE :

- (*) Kamil Yilmaz, PhD : Chairman
(*) Abdullah Akyuz : Member

CORPORATE GOVERNANCE COMMITTEE

- (*) Kamil Yilmaz, PhD : Chairman
Volkan Kublay : Member

COMMITTEE FOR EARLY RECOGNITION OF RISK:

- (*) Abdullah Akyuz : Chairman
Volkan Kublay : Member

(*) Independent Members of the Board of Directors

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 Principles. The Audit Committee, which is responsible for the accounting system, public disclosure of financial details and the appointment of the independent audit firm and the observation of the processes thereof, convenes for minimum four times a year. The Corporate Governance Committee, which is responsible for monitoring whether or not the corporate governance principles are duly implemented, and also for monitoring the relations with the shareholders, and also for the duties of the Nomination Committee and the Remuneration Committee, convenes for minimum once a year, but as frequently as the responsibilities thereof may necessitate. The Committee for Early Recognition of Risk, which is responsible for carrying out activities for the monitoring, assessment and prevention of risks convenes for minimum once a year but as frequently as the responsibilities thereof may necessitate.

The Company has two (2) independent members of the board of directors; the requirement contemplated by the applicable legislation for each committee to have an independent member of the board of directors present, and the fact that the responsibilities of the member of the board of directors appointed for internal control under the provisions of the Communiqué, Serial: III, No: 48.2, of the Capital Markets Board, and those of the Committees are of similar nature, and are also associated, lead to the situation that one member of the board of directors holds a seat in multiple committees.

18. Risk Management and Internal Control Mechanism

The Board of Directors has established internal control and risk management systems, and the current Internal Control Regulation has been in force as of 30.09.2011, and the Risk Policies and the Risk Catalog, which include the risk definitions, risk measurement mechanisms and procedures, have been in force as of 30.09.2011.

The Company outsources the internal control activities and risk calculations to Is Yatirim Menkul Degerler A.S. on the basis the agreement executed on the matter, under which the internal control

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activities are performed and the risk measurements are conducted on regular basis. The Internal Control Reports are reviewed by the member of the Board of Directors in charge of internal control, and are submitted to the Board of Directors for information, and the Risk Reports are assessed by the Committee for Early Recognition of Risk.

19. Strategic Goals of the Company

The investment strategy and the benchmark for the operations of the Company are identified; and the market expectations and the opinions regarding the portfolio distribution of the portfolio managers are obtained at such stage; and the matter is discussed and assessed by the Board of Directors, as a consequence of which the investment strategy and the benchmark is determined. The decision made on the matter is, then, disclosed to the public and made available on the website of the Company. The Board of Directors reviews the operations of the company and monitors the Company's performance monthly on the basis of the periodic reports submitted thereto.

20. Financial Benefits

The Compensation Policy, which includes the principles of compensation 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 at the ordinary shareholders' meeting, held on 02.04.2012. The Corporate Governance Committee monitors and supervises the compensation practices of the Company in accordance with the applicable policy, and submits the analysis and considerations thereof to the Board of Directors, where necessary. Monthly remunerations are paid to the members of the Board of Directors in the amounts as approved by the shareholders' meeting. The compensation 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.

The Company may, under the applicable legislations and the Articles of Association thereof, not provide any extra benefits to its shareholders, members of the board of directors or members of the supervisory board, staff members or any third persons from its assets, other than the payments such as remunerations, compensations and dividends offered as a part of its operations.

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CODE OF ETHICS

Is Yatirim Ortakligi A.S., the scope of operations of which consists of portfolio management, aims to ensure the effective and rational management of its portfolio and thus regular, stable and high return for the investors thereof. The staff members of the Company shall observe the following code of ethics in accomplishment of the said purpose.

IS YATIRIM ORTAKLIGI A.S. shall;

- comply with any legal and statutory restrictions and legislations, which may be governing thereon due to the nature and operations thereof.
- maintain its operations in accordance with the principles of equality, transparency, accountability and responsibility.
- ensure the professional and reliable management of its portfolio in accordance with the principles of risk distribution.
- respect and protect the rights of the related stakeholders thereof, and ensure such stakeholders to be informed as necessary about the Company's standing.
- take any measure to prevent conflicts of interest.
- make its best efforts to ensure that the data prepared, disclosed to public and submitted to the regulatory authorities by the Company are accurate, complete and legible and are disclosed timely.
- treat equally to each employee of the Company with others and provide each employee with a fair and safe working environment.
- preserve the personal dignity and protect the legally recognized rights of its employees.

The EMPLOYEES shall;

- act in compliance with the applicable laws and the internal corporate regulations.
- internalize and protect the name and the reputation of Is Yatirim Ortakligi A.S.
- act moderately and carefully in their relations with each other as well as the subordinates and supervisors thereof.
- avoid any relations, which may lead to gaining of benefits and/or conflict of interests.
- constantly make efforts to enhance their professional knowledge and experience and improve their personal skills.
- be aware of their obligation to keep any information, which may be of secrecy for the Company, confidential.
- act sensitively for proper utilization of the property assets and resources of the Company.
- be obliged to report any case or event in breach of the code of ethics to the management.