



Corporate Governance Compliance Rating Report

 **Vakıf Yatırım Ortaklığı**

*Vakıf Menkul Kıymetler
Yatırım Ortaklığı A.Ş.*

27 January 2010

Validity Period : 27.01.2010-27.01.2011

LIMITATIONS

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

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

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

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

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

© All rights in this report belong to Kobirate International Credit Rating and Corporate Governance Services Inc. This report cannot be printed in writing and electronically, reproduced and distributed without our permission.

TABLE OF CONTENTS

1. Rating Result and Summary of Rating Process	3
2. Rating Methodology	6
3. Company Profile	8
4. Rating	
A. Shareholders	11
a. Facilitation of the Shareholders' Rights	11
b. Right to Obtain and Review Information	12
c. Right to Attend the General Assembly	12
d. Voting Right	13
e. Minority Rights	13
f. Dividend Right	13
g. Transfer of Shares	13
h. Principles on Equally Treatment to Shareholders	14
B. Public Disclosure and Transparency	15
a. Rules and Instruments of Public Disclosure	15
b. Public Disclosure of Relationships Between the Company, Shareholders, Board of Directors and Executives	16
c. Periodical Financial Statements and Reports in Public Disclosure	16
d. The Independent Audit Function	17
e. The Trade Secret Concept and Insider Trading	17
f. Major Events and Changes Required to be Disclosed	17
C. Stakeholders	18
a. Company Policies Towards the Stakeholders	18
b. Stakeholders' Participation in the Company Management	18
c. Protection of Company Assets	19
d. Company Policy on Human Resources	19
e. Relations with Customers and Suppliers	19
f. Ethical Rules	19
g. Social Responsibility	19
D. The Board of Directors	20
a. Primary Functions of the Board of Directors	20
b. Conduct Rules, Tasks and Responsibilities of the Board	21
c. Composition and Appointment of the Board of Directors	21
d. Financial Benefits Provided for the Board Members	22
e. Quantity, Structure and Independence of the Committees Formed at the Board of Directors	22
f. Executives	23
5. Rating Grades and Descriptions in Respect to Corporate Governance Compliance	24

**CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

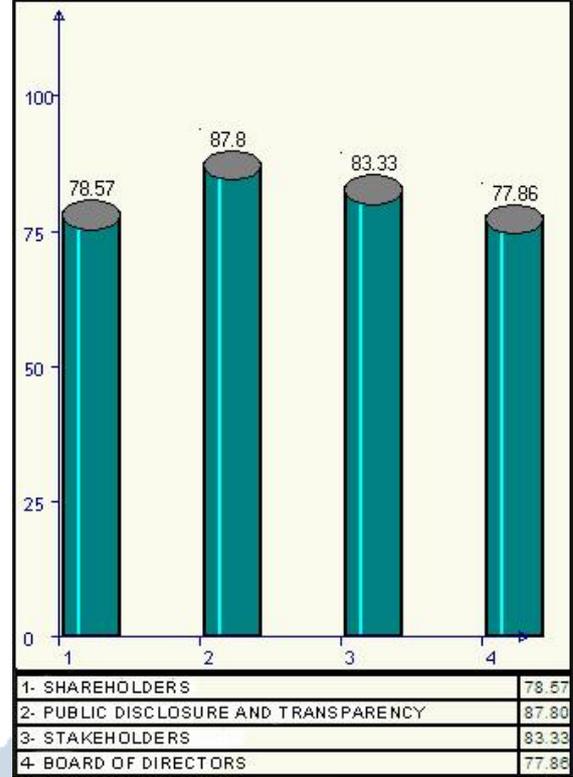
8.23

Kobirate A.Ş. Contact Name:

Cenk İnce (0216) 3305620Pbx
cenkince@kobirate.com.tr

Can Tekin (0216) 3305620Pbx
cantekin@kobirate.com.tr

www.kobirate.com.tr



RATING SUMMARY

At the end of examination of the documents, data and of other reviews, rating of compliance of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by Kobirate A.Ş. for firms whose stocks are traded on Istanbul Stock Exchange (ISE) according to the Corporate Governance Principles issued and also approved by the Capital Market Board (CMB).

At the end of examination of 313 criteria, data and documents under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and

methodology of Kobirate A.Ş. The final Corporate Governance Compliance rating grade of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. is 8.23.

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

In view of rating process under main headings in brief;

It is observed that Company has obtained the grade of 78.57 in respect of Shareholders Section which means that, the Company, has achieved almost full compliance with the CMB's Corporate Governance Principles.

Especially establishing a regularly operating Shareholders Relations Department and a Corporate Governance Committee reporting to the Board of Directors leads to perform the corporate governance-related operations and changes more effectively and rapidly within the Company.

Further, it is favourable that timely calls to shareholders for general meetings including the necessary details, a dividend policy being developed and disclosed to public, no voting limitations on shareholders at the general meeting, no difficulty on share transfer and dividend advance payment being specified in the Articles of Association.

Negative practices observed are; minority shareholders do not have the right to appoint a special auditor and lack of cumulative voting.

Improvements required to be made by the firm are; to ensure minority shareholders' participation to general meetings, to record the verbal claims of shareholders by the Shareholders Relations Department to make announcements at least in English on the Company Web Site, for investors not familiar with Turkish language, to eliminate inequality.

As for Public Disclosure and Transparency, it is observed that Company has obtained the grade of 87.80.

It is observed that the firm has achieved almost full compliance with CMB's Corporate Governance Principles in respect of Public Disclosure and Transparency with the highest grade in the rating process

In this section, it is favourable that the Company has developed and announced to Public its Ethical Rules, Disclosure and

Insider Trading Policies, Company's Articles of Association containing provisions to prohibit commercial and non-commercial transactions of Board Members, Chief Executive Officer and Executives with the Company without having approval from the General Meeting, commercial transactions between the Company and its parent and affiliated companies being shared with public and External Audit being subject to rotation.

The fact that the Company lacks an English version of the corporate website and irregularities mentioned in annual report are regarded as adverse points.

Another item required to be improved by the Company is; that the questions asked by shareholders have to be added as "Frequently Asked Questions" on the corporate website.

It is observed that Company has obtained the grade of 83.33 in respect of Stakeholders section. It is found out that the firm has achieved almost full compliance with the CMB's Corporate Governance Principles.

It is favourable for the firm that it as developed and shared its Ethical Rules Regulations with public, made regulations to sustain Company's assets with Ethical Rules and Disciplinary Regulations, formed and shared Social responsibility and Environmental Principles and Rules with public.

The fact that the Stakeholders do not participate in company management and lack of employee-oriented training program are regarded unfavourable.

An area of improvement to be made by the Company is to develop an independent training program for the employees.

As for the Board of Directors section, it is observed that Company is assigned a grade of 77.86. It is found out that the firm makes effort to comply with the CMB's Corporate Governance Principles of the Board of Directors section where it received the lowest grade in the rating process.

It is deemed favourable for the Company that it eliminated some of the irregularities from the previous period such as; determination of its mission and vision by the Board of Directors and sharing them with the public, establishing Corporate Governance and Audit Committee within the Board of Directors, Chairman and CEO being different persons, Audit Committee's proposals to the Board of Directors about appointment of External Audit Firm, detailed written provisions being made on employment of executives, prohibition of commercial or non-commercial transactions and competition with the Company and on other duties.

Points regarded unfavourable for the Company are; no attendance fee being provided to the Board of Directors, no separate duty description being made for each Board Member, no technological infrastructure for remote access to the Board meetings, delays on monthly meetings of Board of Directors, lack of industry experience of some independent Board Members in spite of their sufficient knowledge, remuneration of Board Members not being specified according to their individual achievements.

Some areas of improvement follow:
Although collective authorization and responsibilities are set, individual duty descriptions must be established for each Board Member , the Board's annual strategic targets must be concrete, measurable and individualistic an

orientation program must be provided for the new members of the Board by Corporate Governance Committee.

As a result, the Company improved the grade it obtained in previous year and brought it to the level of 8.23 by adjustments it made on the basis of CMB's Corporate Governance Principles.

It may possible in the future for Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. to bring its compliance with CMB's Corporate Governance Principles to a further step with eliminating irregularities and erroneous practices including improvement on above mentioned areas without ignoring the need for continuous improvement of Corporate Governance practices

THE RATING METHODOLOGY

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

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

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

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

Kobirate A.Ş. achieves the Corporate Governance Compliance Rating by a system identically based on the Corporate Governance Principles of the CMB (CGPCMB). Through this system, the firms are analyzed under four main headings: Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors in accordance with CGPCMB.

Kobirate A.Ş. achieves the Corporate Governance Rating of the Banks by a system based on CGPCMB as well on the BRSA's Regulations Relating to Corporate Governance Principles for Banks.

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

In this analysis, 313 different criteria are considered to measure the compliance of firms whose shares are traded on ISE with the Corporate Governance Principles. Such criteria are translated into the Kobirate A.Ş. unique Corporate Governance Rating Questionnaire and firms' or banks' responses are received electronically. The responses are analyzed and re-examined by the rating experts and analysts and reported with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

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

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

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

In this report the following legends have the following meanings:

✓ Proper / correct application of CMB's Corporate Governance Principles

✗ Improper / wrong application of CMB's Corporate Governance Principles

✓/✗ Practices required for the improvement of the CMB's Corporate Governance compliance.



COMPANY PROFILE



Name of the Company : Vakıf Menkul Kıymetler Yatırım Ortaklığı Anonim Şirketi
Company Address : Ebulula Caddesi Park Maya Sitesi F2/A Blok Levent İstanbul
Company Telephone : (0212) 3523560 (5 Hat)
Company Facsimile : (0212) 3523559
Company Website : www.vakifyatirimortakligi.com.tr
Company E-mail : vyo@vakifyatirimortakligi.com.tr

Time of Incorporation : 13.06.1991
Trade Registry Number : 275459-2230741
Scope of Business : To manage portfolio of the capital market instruments

Company's Representative in Charge with Rating:

A. Sunay Gürsu
Head of Shareholders Relations Department

Company's Capital Structure

Name of the Shareholder	Shared Capital (TL)	Share (%)
Vakıfbank Pers.Özel Sos.Güv.Hizm. Vakfı	1.166.238,20	15,55 %
T. Vakıflar Bankası TAO	881.549,20	11,75%
Güneş Sigorta A.Ş.	824.999,95	11,00%
T. Vakıflar Bankası TAO Memur ve Hizm. Emekli ve Sağlık Yardım Sandığı Vakfı	605.243,87	8,07%
Vakıf Emeklilik A.Ş.	599.995,48	8,00%
Halka Açık	3.421.973,31	45,63%
TOTAL	7.500.000,00	100,00%

The Board of Directors

Name	Title
Serdar Tunçbilek	Chairman
Serhad Satođlu	Vice Chairman.-General Manager
Rıfki Durgun	Member
Ramazan Can	Member
İbrahim Yıldırım	Member

The Company operates in the field of Securities Investment business. It was first added to the ISE's Corporate Governance Index in 2009.

Balance-Sheet Comparison of Company's selected items as of third quarters of the last two years

	2008/09	2009/09	(%)
Current Assets	14,111,886	14,710,054	4.24
Fixed Assets	63,763	51,751	-18.84
Total Assets	14,175,649	14,761,805	4.13
Short Term Liabilities	744,057	899,063	20.83
Long Term Liabilities	36,100	40,490	12.16
Shareholders Equity (Inc. Minority Shares)	13,395,492	13,822,252	3.19
Shareholders Equity (Owned by the Parent Co.)	13,395,492	13,822,252	3.19
Total Liabilities	14,175,649	14,761,805	4.13

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

Comparison of some items in Company's Income Statement as of third quarters of the last two years

	2008/09	2009/09	(%)
Sales Revenues	60,772,861	64,724,208	6.50
Cost of Sales (-)	62,494,626	61,528,265	-1.55
Gross Main Operating Profit/Loss	-1,721,765	3,195,943	285.62
Operating Expenses (-)	951,442	920,746	-3.23
NetMain Operating Profit/Loss	-2,673,207	2,275,197	185.11
Loses and Expenses from Other Operations (-)	35	18	-48.57
Operations Profit/Loss	-2,666,143	2,275,179	185.34
BeforeTax Profit/Loss	-2,666,143	2,275,179	185.34
Net Profit/Loss For The Period	-2,670,103	2,275,179	185.21

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

Comparison of Company's Certain Financial Ratios as of third quarters for the last two years

(%)	2008/09	2009/09
Assets Growth Ratio	-2.26	4.13
Assets Turnover Ratio	4.29	4.38
Return on Assets	-18.84	15.41
Earning Ratio		21.44
Earning Per Share	-0.36	0.30
Net Profit Growth	-227.51	185.21
Net Sales Growth	-20.03	6.50
Net Capital Growth	-4.11	3.19
Net Turnover Growth Rate	4.54	4.68
Return On Equity	-19.93	16.46

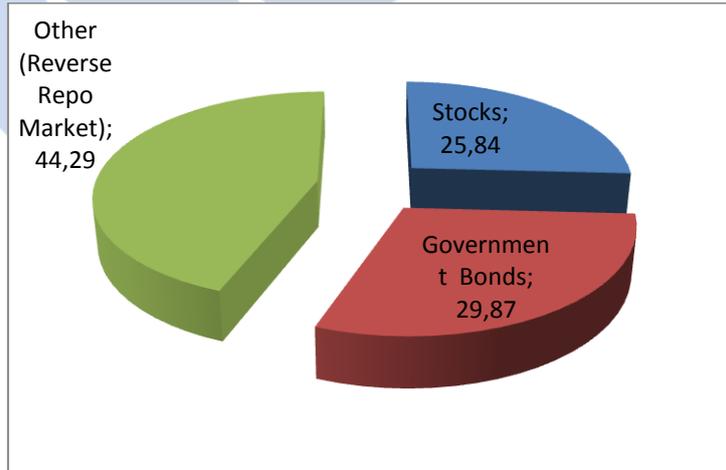
Source : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. Web Site

The Least and Highest Company's stock values on the ISE during last year

Least	Highest
0.51	1.59

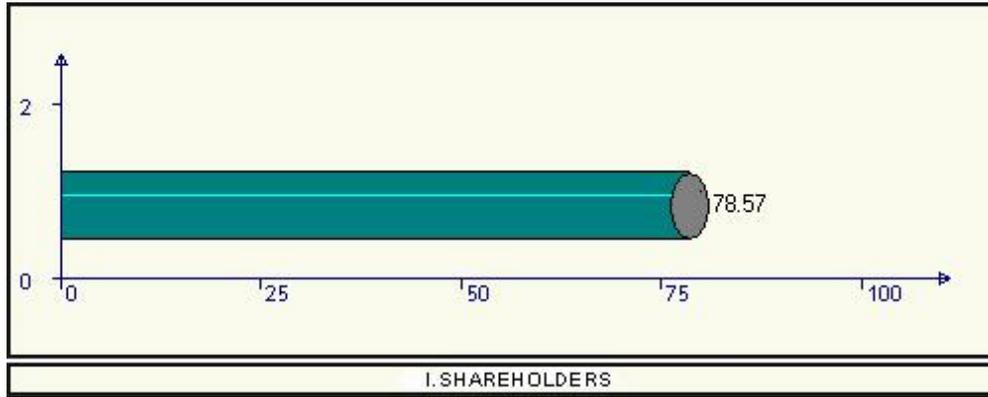
Source : Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. Web Site

Distribution of the Company's Portfolio as of 22.01.2010



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

SECTION A- SHAREHOLDERS



Overview

- ✓ Shareholder's Relations Dept. is established in the Company, which operates regularly.
- ✓ The timely notices of general meeting include the necessary details.
- ✓ Dividend policies are set and the public is informed properly.
- ✓ There is no restriction on voting at the general meeting.
- ✓ There are no practices in place making share transfer difficult.
- ✓ Dividend advance payment is defined in the Articles of Association.
- ✗ The minority shareholders do not have the right to appoint a special auditor.
- ✗ Accumulated voting is not applicable.
- ✓/✗ Participation of the small shareholders to the general meeting has to be ensured.
- ✓/✗ The verbal inquiries submitted to Shareholders relations Dept. must be recorded.
- ✓/✗ For foreign investors not familiar with Turkish language, announcements made on the website must also be at least in

English, to eliminate the inequality.

In this section the Company has been assessed for 70 different criteria in respect to the facilitation of shareholders' rights, shareholders right to obtain and review information, shareholders right to attend the general meeting shareholders voting rights, minority rights, dividend rights, transferring shares right as they desire and principle to treat all members equally. The Company obtained **78.57** for Shareholders Section.

a. Facilitation of the Shareholders' Rights

The Company has the Shareholders Relation Department (SRD) established in 2008 which operates regularly at present. Mrs.A.Sunay Gürsu and Mr. M. Koray Okur serve as Manager and Assistant Specialist respectively.

The Department carries out the following tasks reviewing all the disclosures to be made to the public and making proper announcements through the website or the Public Disclosure Platform (PDP) and sound realization of arrangement, preparations, announcements about general meeting, announcement of resolutions of

the general meeting to the public and archiving documents.

No written demand sent by the shareholders has been traced and the executives confirmed that the verbal requests received have been responded verbally. However, no record to confirm this has been traced.

Although in general it is observed that the Company was in compliance with this section, a list of shareholders' demands submitted verbally has to be prepared and archived at least on subject and the shareholder basis will make "Frequently Asked Questions" section easier to be prepared and updated. In addition, it is thought that further efforts to be made to encourage attendance of minority shareholders in general meetings will enhance representation.

b. Right to Obtain and Review Information

Since information is delivered via Company's Website in line with the Public Disclosure Policy approved at the General Meeting and it is easily accessible by all parties.

Although it is observed that no inconvenience is caused for local investors' access to the information, it may cause inconvenience on the part of foreign shareholders nor familiar with Turkish language in particular.

Since the Articles of Associations do not contain a regulation any shareholders' individual request for appointment of special auditor to the General Meeting is not considered. Although Article 19 of the Company's Articles of Association indicates that "any Institutional Investor or minority shareholders and stakeholders may call the Board for a meeting" which indicates that the share and stake holders

have the right to make a call for meeting of the Board. At the end of examinations carried out no meeting of the Board was held because of such a call.

While the members right to request for appointment of special auditor is recommended under the Corporate Governance Principles revised by the CMB in February 2005, it is retained that it will be in favour of all the shareholders to incorporate such a right in the Articles of Association as it is an important right for minority shareholders in particular.

In view of general perspective, it is observed that the Company made some arrangements in order to comply with the Capital Market Board's Corporate Governance Principles for the purpose of this section, however minority shareholders right to appoint a special auditor has to be arranged in the Articles of Association and an English version of website has to be prepared to eliminate conflict for foreign investors

c. Right to Attend the General Assembly

It is observed that the Register of institutional investors is kept accurate. 45,63 % of shares is held publicly, and the breakdown of the publicly held shares are tracked separately.

It is observed that the notices of the General meetings are made under the TCC in effect (notice must be made at least 2 weeks prior to the meeting) and the Capital Market Board's Corporate Governance Principles (3 weeks in advance) on two newspapers and through the Company's Website

It is observed that the notices of General Meetings and the documents thereof have sufficient contents. The General Meeting documents, financial statements, annual

reports are easily accessible at the head office or on the website of the Company. The general meeting of shareholders is held within 3 months from the end of the accounting period. The proceedings of the last general meeting shows that, it is observed that the items of agenda have been separately considered and unanimously accepted, and that there has been no reservation.

It is possible to access on Company's website to calls, agendas proceedings, list of attendees, etc. of general meetings for the past 3 years.

The fact that the minority shareholders with an interest of 45,63% in the company do not have the right to attend the general meeting seems to be an important disadvantage. In addition, another area of improvement is the fact that the Articles of Association does not contain a provision relating to minimum information to be disclosed in respect of nominated Board Members.

d. Voting Right

In this section, it is observed that the Company has achieved full compliance with the Corporate Governance Principles of the Capital Market Board.

It is observed that the Company's Articles of Association contain no restriction on voting right, ceiling or time limitation to exercise a right, any barrier to vote by proxy, any barrier to vote as representative. Each shareholder has one voting right.

Also the procedure for voting is published in Company's Articles of Association as well as on its Website.

e. Minority Rights

The Company's Articles of Association do not contain any provision relating to the

procedure for accumulated vote to ensure the minority shareholders are represented on the Board of the Directors. However, Article 19 of the Company's Articles of Association provides the opportunity for the minority shares and stakeholders to call for a Board meeting.

It appears that the company does not allow for any practice enhancing minority rights in addition to minority shareholders right to call for a Board meeting.

f. Dividend Right

The Company has a Profit Appropriation Policy disclosed to the public, in which the amount of corporate income, resource, criteria for appropriation, dividends per share are determined. The Company has incorporated regulations related to donations intended in its profitability policies. The Profit Appropriation Policies provide for payment of dividends until the end of 5th month at the latest.

With the latest amendment to the Articles approved at the General Meeting held last year, a regulation as to dividend advance payment is incorporated in the Company's Articles of Association.

It appears that the Company has in general achieved compliance with the corporate Governance Principles of the Capital Market Board according to this section.

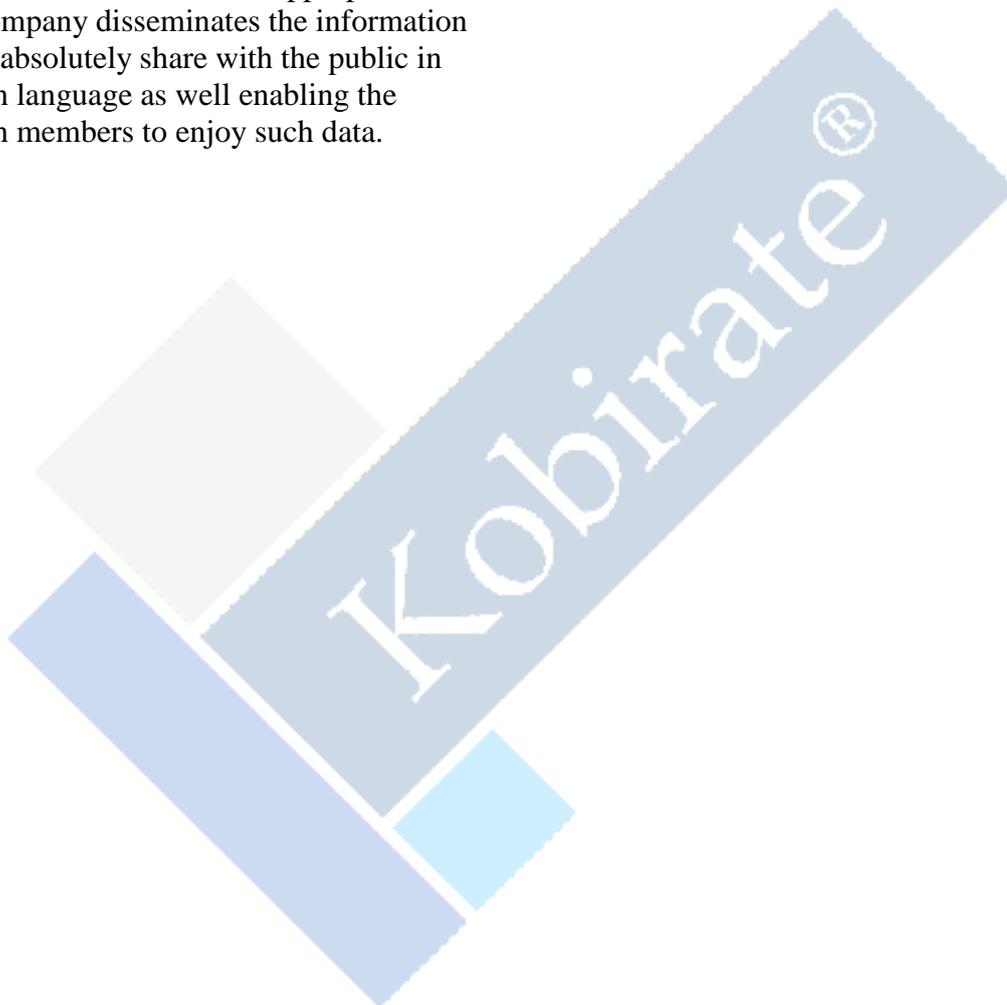
g. Transfer of Shares

The Company neither has any practices obstructing the transfer of shares nor the Company's Articles of Association contain such a provision. Therefore, it is observed that the Company has achieved full compliance with the Corporate Governance Principles of the CMB in respect of transfer of shares.

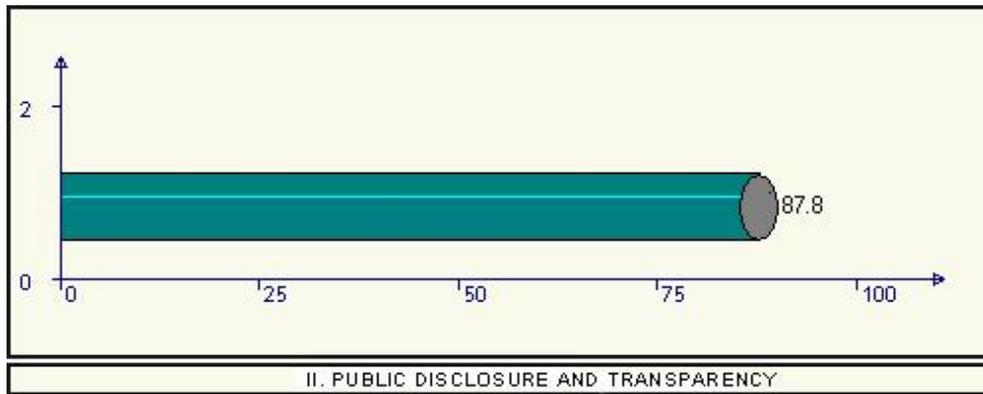
h. Principles on Equally Treatment to Shareholders

Since no member complained about discrimination during the observations carried out in the company and there is no finding in the company in this respect, it is concluded that the Company has been approaching members equally.

However, it is concluded that since the Company using Internet in particular for public disclosure, it will be appropriate that the Company disseminates the information it will absolutely share with the public in foreign language as well enabling the foreign members to enjoy such data.



SECTION B- PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Company's Ethical Rules (code of conduct) are set forth and disclosed to the public.
- ✓ Company's Public Disclosure Policy is developed and announced to the public.
- ✓ Company's Articles of Association places restrictions on commercial or non-commercial transactions with the Company by Board of Directors, Chief Executive Officer and executives without obtaining consent at the General Meeting
- ✓ Company's business transactions with the parent company and other affiliates are shared with the public.
- ✓ External Audit companies are subject to rotation.
- ✓ Insider Trading Policy is developed by the Board of Directors.
- ✗ English version of the corporate website is not available.
- ✓/✗ Questions submitted by the shareholders are not indicated "The Frequently Asked

Questions" of the corporate website.

In this section, the Company was assessed by 82 distinct criterias with respect to the rules and instruments of public disclosure, public disclosure of relationships between the firm and shareholders, Board of Directors and executives, periodic financial statements and reports for public disclosure, the function of external audit, the business of confidentiality concept and insider trading, and changes required to be disclosed and it has obtained **87,80** points.

a. Rules and Instruments of Public Disclosure

The Company is realizing public disclosure within the Public Disclosure Policies framework, approved at the General Meeting and shared with the public, accordingly. Since the information to be disclosed is announced through the Public Disclosure Platform (PDP) no inequality is observed for local shareholders to have access to information, there is an inconvenience on the part of foreign members as such information is not available in foreign language as specified in the Corporate Governance Principles of the Capital Market Board.

Company's Public Disclosure Policy contains rules for disclosure of future information to the public. 2 executives are responsible for disclosure of information to be shared with the public.

The firm has developed and shared its Ethical Rules approved by its General Meeting, to the public. As mentioned in the previous sections the firm maintains a corporate website with vast coverage, which properly functions. The firm uses effectively the Public Disclosure Platform (PDP) as well as the Website for the purpose of disclosure.

However, the failure in preparation of English version of Company's website gives rise to an important inconvenience. While the Website has the heading of frequently asked questions, it does not include questions and responses of the shareholders. The executives stated that they haven't received written demand. They also stated that verbal demands have been received. Since no record is maintained for such verbal inquiries, a database could not be established on the website.

b. Public Disclosure of Relationships Between the Company, Shareholders, Board of Directors and Executives

It is expressly stated in Article 25 of the Company's Articles of Association that the Board of Directors, Chief Executive Officer and Executives can not personally or indirectly be involved in any transaction with the firm for or on behalf of themselves or others without obtaining consent from the General Meeting.

Without prejudice to the legal provisions, the situation that the interest of any shareholder or group in company's capital or voting rights is 5%, 10%, 25%, 33% higher or less than such rate is verified by

the share breakdown obtained from Vakıf Menkul Kıymetler A.Ş. and it is found out that such an excess or reduction is not observed yet, furthermore, the Company has not received any written warning in this respect.

The firm has some business relations with the parent and other affiliated companies which are disclosed to the public on Company's website and in annual reports.

We are of the opinion that the firm has in general ensured compliance with the Corporate Governance Principles of the Capital Market Board according to this section.

c. Periodical Financial Statements and Reports in Public Disclosures

Company's periodical financial statements and reports are issued regularly and is in accordance with the UFRS and covers the necessary details. The external audits of the company indicated that, no error or inaccuracies were found in the financial statements and notes thereon. In the annual report of the company, the position of the company in the sector in which it operates, sectoral characteristics are depicted by graphics. Further, though in general term, explanations on risks to which the company might be exposed are included.

No stock-based and/or other capital market instrument-based incentive scheme is provided for the staff for acquisition of company stocks. The Independent Audit Firm has made no statement or representation as to effectiveness of the internal audit system. In addition, the firm's annual report does not provide any details of individual remunerations, fees, salaries, bonuses and other benefits paid to the Board of Directors and executives, criteria for determination thereof and performance evaluation carried out by the Corporate Governance Committee.

In General, it is concluded that the Company shows effort to comply with the Corporate Governance Principles of the CMB, and even though significant progress have been achieved, there are some shortcomings.

d. The Independent Audit Function

Firm's Audit Committee makes proposals for the appointment of Independent Audit Firm. The independent auditor which was employed for the years 2007 and 2008 was subject to rotation in 2009.

For items reviewed in general under the Function of Independent Audit of the company, it is concluded that the company was under full compliance with the Corporate Governance Codes of the Capital Market Board.

e. The Trade Secret Concept and Insider Trading

The Company discloses the list of executives in position allowing for Access to capital market instruments and of other individuals and/or organisations supplying service under rules specified in its public disclosure policies. This is covered in both the Firm's Website and the annual report.

The resolution of the Board of directors in which the Insider Trading Policies are set forth appears on the firm's Website as well. It also outlines in detail the framework of this issue in the Ethical Rules approved at the general meeting too.

It is observed that the Company was in full compliance with the Corporate Governance Principles of the Capital Market Board, for the requirements of this section.

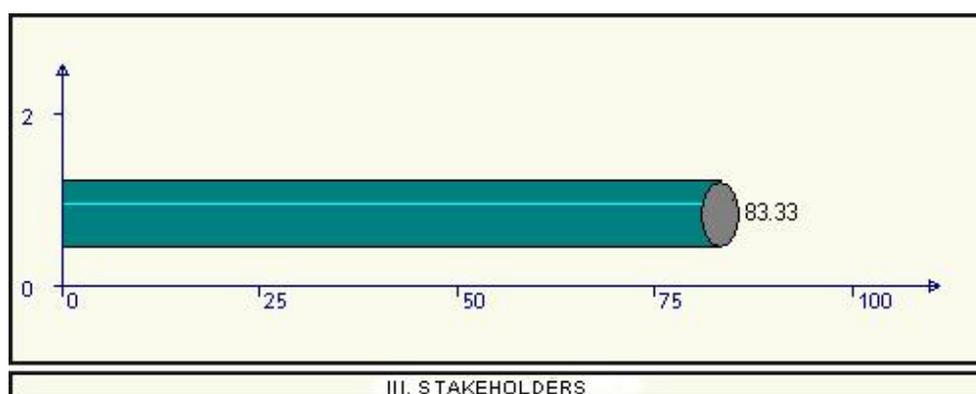
f. Major Events and Changes Required to be Disclosed

Through PDP, the Company shares the Special Condition Statements with the public. It appears that it has not suffered any sanction or written warning from the ISE during the audit period.

Matters required to be disclosed by the Company under the Public Disclosure Policy are described and announced in detail. Disclosures to be made by the Company to the public are coordinated and announced by Shareholders Relations Department.

It is observed that the Company has ensured full compliance with Corporate Governance Principles of the CMB in respect of major events and changes required to be disclosed to the public.

SECTION C- STAKEHOLDERS



Overview

- ✓ The Company has developed its Ethical Rules Directive and shared with the public.
- ✓ With the Ethical Rules and Disciplinary Regulations, the Company sets forth rules for maintenance of the Assets.
- ✓ Principles and Rules for Social Responsibility and the Environment are laid down and announced to the public.
- ✗ The stakeholders do not participate in the Company management.
- ✗ An employee-oriented training program has not been developed.
- ✓/✗ A separate training program focused on the Company employees must be developed.

In this section the Company has been assessed by 30 distinct criteria as mentioned in CMB's Corporate Governance Principles on company policies regarding stakeholders, stakeholders' participation in the company management, protection of company assets, Human Resources Policy, relations with customers and suppliers, Ethical

Rules and Social Responsibility and it has obtained **83,33** points.,

a. Company's Policy Towards The Stakeholders

Company's only stakeholders are its employees and the suppliers. Some of the company staff is of Vakifbank personnel while others are its own staff. Other firms from whom the company purchases product and service are shared with the public in its annual report

The firm has regulated in writing the Ethical Rules, certain arrangements in operating and Internal Control Directives for its staff

According to this section, the firm is in compliance with the Corporate Governance Principles of the Capital Market Board.

b. Stakeholders' Participation in the Company Management

No mechanism of inquiry or proposal indicating that the opinions of stakeholders have been obtained on matters involving the company has been traced at the end of reviews made.

The company staffs are not entitled to be represented on the Board of Directors.

Establishment of a mechanism mentioned above may be an element encouraging the staff to develop proposals on issues concerning the firm.

c. Protection of Company Assets

Firm's Ethical Rules, operating and Internal Control Directives, the Disciplinary Regulations are major documents regulating numerous matters involving the firm, working order and operations performed. Such documents cover sanctions dealing with actions resulting in loss of firm's assets.

It is observed that there was no indication that might be considered a weakness of the firm under this heading.

d. Company Policy on Human Resources

It is observed that necessary rules have been established for recruitment, promotion and job description of employees especially in operating and Internal Control Directive and that the same are laid down in writing and are applicable.

An independent employee oriented training program has not been developed for the Company. In spite of existence of a section on career development in company's Ethical Rules, it is found out at the end of discussions held with the executives that, spontaneous training opportunities are rather enjoyed as an attempt to support the staff in terms of training.

The principles that no discrimination will be made among the employees is incorporated in the Firm's Ethical Rules.

e. Relations with the Customers and Suppliers

The firm has no customers, due to the characteristics of its structure and line of business. As with the suppliers, separate agreement is made (executed) with each individual supplier the relationship with which is declared in annual report disclosing in the light of transparency principle.

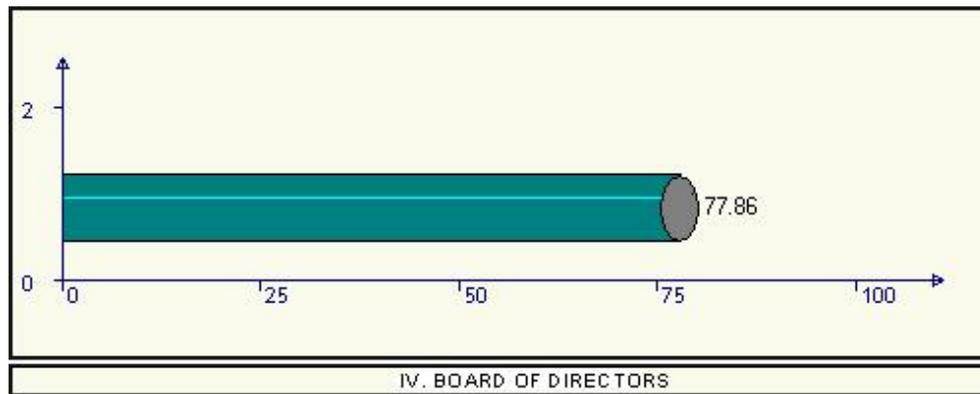
f. Ethical Rules

The firm has established its Ethical Rules Directive, which was approved by the General Meeting. Drawn up comprehensively, the Ethical Rules Directive is shared with the public on firm's website. Compliance with the Ethical Rules in business operations is supervised and in case of violations, Company's Disciplinary Regulations impose sanctions

g. Social Responsibility

The Company has set forth and published on its website, the Social Responsibility and Environmental Principles and Rules. In addition, the Company is not in a structure to be detrimental to the environment

SECTION D- THE BOARD OF DIRECTORS



Overview

- ✓ Company's mission and vision statements developed by the Board, is shared with the public.
- ✓ Corporate Governance and Audit Committees are formed within the Board.
- ✓ The Chairman and the Chief Executive Officer are separate persons.
- ✓ The Audit Committee makes recommendations to the Board about the appointment of Independent Auditors.
- ✓ Executives assignments and deals with the company, prohibition of competition and other responsibilities are specified in writing and in detail.

- ✗ No Per Diem is provided for the Directors
- ✗ No separate job descriptions are produced for each Director.
- ✗ Company does not have a technological infra-structure allowing remote access to the Board meetings.
- ✗ There have been interruptions in frequency of the monthly Board meetings.
- ✗ Some of the Independent Directors have adequate

knowledge while they lack sectoral experience.

- ✓/✗ Separate job descriptions must be developed for each Director irrespective of collective representation of Directors powers and responsibilities.
- ✓/✗ Board annual strategic targets must be translated into a more substantial, measurable and individualized method.
- ✓/✗ An orientation program must be provided for the replacing members of the Corporate Governance Committee.

In this section, the Company is assessed by 131 different criteria within the framework created under the headings such as; primary functions of the Board, working principals, duties and responsibilities of the Board, composition and appointment of the Board, financial benefits provided to the Board members, number, structure and independency of committees formed within the Board and the executives for which it received a grade of **77.86**.

a. Primary Functions of the Board of Directors

The Board of Directors consist of 5 persons, one chairman and 4 members.

Name	Job Title	Independent
Serdar Tunçbilek	Chairman	
Serhad Satoğlu	Deputy Chairman CEO	
Rıfki Durgun	Director	Independent
Ramazan Can	Director	Independent
İbrahim Yıldırım	Director	Independent

The Board of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

Company's mission and vision statements have been developed and disclosed to the public by the Board.

Corporate Governance and Audit Committees were formed within the Board in order to perform, duties and responsibilities.

It is observed that no committee has been established and no employee has been assigned to manage the risk in the Company.

No Incentive scheme or any other precautionary steps to encourage the personnel to serve for a longer period were developed.

It will be more favorable that the Board expresses the annual strategic targets in a more tangible, measurable and individualized method.

In general, for the purposes of this section, serious efforts have been made in the company to ensure compliance with the Corporate Governance Principles of the Capital Market Board. There are imperfections to be eliminated or practices to be improved within the suggestions.

b. Conduct Rules, Tasks and Responsibilities of the Board

The Company has a directive regulating conduct rules for the Board. This Independence Directive contains regulations in writing on requirements of care and deliberation in fulfilment of

Directors' duties, restrictions on deals and competition with the firm, dedication of adequate time to deal with business affairs.

A separate secretariat reporting to the Board is not established and such duties are jointly carried out by the Shareholders Relations Dept and Accounting Dept.

Although the authority and accountability of the Board are outlined in the company's Articles of Association, there is no segregation of duties for each Director.

The fact that a technology allowing for remote Access to meeting by Directors residing out of İstanbul is not available in the company causes inconveniences from time to time. The agenda of board meeting distributed to board members and they are notified prior to the meeting, upon receipt of opinions of the directors, it is ensured that the resolution adopted is signed by all the members. The examination of the Register of Board Resolutions showed that there is no reservation or lack of signature on any resolution and it is concluded that all resolutions have been unanimously adopted. In general the meetings of the Board are held monthly, however, the Board did not convene in May 2009 and November 2009. Therefore, it is observed that the Board has failed to convene regularly at least once a month as required by the Corporate Governance Principles of the Capital Market Board, and that at the Board's meeting document mentioned in the same principles for consideration on the members 7 days in advance was sometimes violated.

c. Composition and Appointment of the Board of Directors

The firm's Articles of Association contains comprehensive provisions of rules for appointment of Directors and job descriptions of the Board as a whole. The Board comprises 3 independent members.

The Chairman and the CEO are separate persons.

It is observed that no orientation program is applied by the Corporate Governance Committee for the directors appointed.

The independent directors, receive only the monthly emoluments approved by the General Meeting. There is no per diem for the members. Small shareholders are not represented on the Board at present. After reviewing the backgrounds of independent directors, it is concluded that some of them lack sector experience.

The executives informed us that the non-executive directors do not convene regularly.

d. Financial Benefits Provided for the Board Members

The Directors receive the monthly emolument set at the General Assembly and no per diem is provided for them. On the other hand, the directors do not have any loan and surety commercial relationship with the Company.

The emoluments of the Directors are not assessed by personal (individual) performance. It is concluded that it relates to section of performance measurement specified in primary functions.

The examinations made under headings of Financial Benefits provided to the Board, indicates that the Company complies with the Corporate Governance Principles of the Capital Market Board.

e. Quantity, Structure and Independence of Committees Formed at the Board of Directors

The Company has an Audit and a Corporate Governance Committees within the Board. The Audit Committee

comprises of the Chairman and an Independent Director, while the other two independent directors and Head of Shareholders Relations Department form the Corporate Governance Committee

The Register of Committee Resolutions indicates that that both committees convene regularly

Name	Job Title
Serdar Tunçbilek	Chairman
İbrahim Yıldırım	Independent Director

Audit Committee of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

Name	Job Title
Rıfki Durgun	Independent Director
Ramazan Can	Independent Director
A.Sunay Gürsu	Head of Shareholders Relations Dept.

Corporate Governance Committee of Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

The Audit Board makes suggestions to the Board on appointment of Independent Auditor. However, a report on whether or not there is any item that might affect adversely the independence of the independent auditor, prior to the submission of the suggestion on appointment of independent audit firm.

The majority of the members comprises from the Independent Directors while the CEO is not a member there. However, the Corporate Governance Committee does not make efforts to establish a transparent system for nomination, assessment, training, rewarding the candidates for the Board, and determine relevant policies and strategies, develop proposals on number of Directors and managers, and determine and

monitor approach, principle and implementation for performance evaluation, career planning and remuneration of the Directors and executives.

Market Board except for irregularities specified in section involving the executives.

In consequence, the Corporate Governance Committee must fulfill the foregoing duties specified in Corporate Governance Principles of the Capital Market Board.

In general, although the Company has achieved compliance with the Corporate Governance Principles of the Capital Market Board in this respect, it might make progress accordingly eliminating some imperfections.

f. Executives

Executives serving with the firm are: President (CEO), Securities Manager, and the Chief Accountant (Accounting Manager). In our opinion, the Securities Manager deals successfully with the affairs of the Shareholders Relations Department under the title of Section Head.

Regulations involving the executives like other employees are expressly outlined as descriptions in Operating and Internal Control Directive, prohibition on dealing and competition with the Company in Ethical Rules Directive the obligation to keep secrets in Insider Trading Policy, framework of disclosure procedure in Disclosure Policy.

Further, it is observed that the executives serve for full time for the Company. The executives do not produce monthly reports for the Board on the compliance of operations performed with regulations, the articles of Association, internal regulations, and policies.

It is observed that the Company was in compliance with the Corporate Governance Principles of the Capital

KOBIRATE INTERNATIONAL CREDIT RATING AND CORPORATE GOVERNANCE SERVICES INC. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

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

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