

COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

1. Compliance Report on Corporate Governance Principles

Within the frame of the Corporate Governance Principles set down in the “Communiqué on Corporate Governance”, No. II-17.1, of the Capital Markets Board (“CMB”) promulgated in the Official Gazette edition 28871 on 03 January 2014, this statement deals with the following responsibilities of İş Finansal Kiralama Anonim Şirketi (the “Company”) on regulation of relations with shareholders, enlightenment of public, transparency, and regulation of relations with stakeholders, and determination of duties, powers and responsibilities of the Board and its committees and their executives.

İş Leasing, as a strong and leading company in the financial leasing sector, is using its rights and fulfilling its responsibilities in its relations with its employees and customers and other relevant parties, particularly its shareholders, within the frame of an efficient and effective management and supervision system based on accountability, equality, transparency and responsibility, being the global elements of its corporate governance approach.

Being conscious and cognizant of the fact that a good corporate governance practice may be ensured only through determination of a management strategy, and creation of an effective risk management and internal control mechanism, and formulation of ethical rules, and management of investor relations and performance of public disclosure obligations at the required quality level within the scope of information policy, and efficiency in formation and activities of the Board, it is a goal of the Company to assure maximum compliance with the said principles.

As a part of the rating works started in 2009 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (“Saha Rating”) in order to assess the efficiency of the compliance initiatives, the Company’s overall level of compliance with corporate governance principles has been determined as “8.02” over “10”. As a result of this rating, the Company has been included in ISE Corporate Governance Index. As an indication of the Company’s commitment to implement the corporate governance principles as a continuous and dynamic process, its rating score has been regularly increased in the following years.

As a result of assessment by Saha Rating of the practices and activities of the Company in 2013, its level of compliance with corporate governance principles has been determined as “9.11” over “10”. Furthermore, according to the World Corporate Governance Index (WCGI), the Company is included among 1st group of companies.

Within the frame of its initiatives, the Company has complied with all of the mandatory rules included in the corporate governance principles, and has put into practice all of the required policies and measures in connection therewith. The Company’s management and internal control mechanisms are being operated efficiently and effectively. All of the corporate governance risks have been determined and are being actively managed. Rights and interests of shareholders and stakeholders are favoured fairly, and the public disclosure and transparency activities are at the maximum level. Structure and modus operandi of the Board are in the best practices category, However, the Company has not yet ensured full compliance with some rules and articles included in the corporate governance principles, though not mandatory, and the reasons of such non-compliance are explained and justified under the following headings.

Details of compliance initiatives and works are presented in the relevant sections of this report.

PART I - SHAREHOLDERS

2. Shareholder Relations Unit

In the Company, an Investor Relations Unit in charge of relations with shareholders has been formed. Our employees working in the Investor Relations Unit chaired by Nida Çetin and their communication data are presented here in below:

Name and Surname	Telephone Number	Elektronic Mail Adress
Sn. Nida Çetin	0 212 350 74 00	nidacetin@isleasing.com.tr
Sn. Onan Keleş	0 212 350 74 50	onankeles@isleasing.com.tr
Sn. Neslihan Oruç	0 212 350 74 70	neslihanoruc@isleasing.com.tr

Nida Çetin, as the head of this unit, reports directly to Prof. Dr. M. Baha Karan, Head of Corporate Governance Committee. Nida Çetin holds Capital Market Activities Advanced Level License and Corporate Governance Rating Specialist License certificates.

Said unit is in charge of use of shareholding rights, and establishes the communications and contacts between the Board and the shareholders.

Activities of this unit are being regularly reported to the Board and the Corporate Governance Committee.

The main duties and functions of the Investor Relations Unit are primarily:

- To ensure that records relating to shareholders are kept accurately, safely and up-to-date;
- To satisfy the written information demands of shareholders with regard to the Company, except for confidential information and/or trade secrets which have not yet been made public;
- To ensure that the meetings of the General Assembly are held in accordance with the applicable laws, the articles of association and other internal bylaws and regulations of the Company;
- To prepare the documents for use by shareholders in the General Assembly meetings;
- To ensure that the voting results are duly recorded, and reports on voting results are sent to shareholders;
- To supervise and monitor all and any matters relating to enlightenment of public, also including the applicable laws and regulations and the Company's information policy;
- To prepare and issue information reports for domestic and foreign investors, and if and to the extent needed, to organize presentations and meetings.

All of 5 verbal and 1 written information demands received from shareholders during the report period have been met by the Investor Relations Unit, and a total of 10 information meetings have been organized for local and foreign investors, and shareholder records have been kept up-to-date.

The Company's internet website has been updated within the frame of the Communiqué on Corporate Governance", No. II-17.1.

The 2012 annual ordinary General Assembly has been held on 28.03.2013 in accordance with the applicable laws and regulations, and the Company's articles of association and other internal bylaws. All procedures required to be completed prior to the General Assembly meeting have been carried out in accordance with the corporate governance principles, and decisions taken in the General Assembly meeting have been made public in a timely manner.

3. The Use of Shareholders' Rights of Obtaining Information

All kinds of information demands of shareholders, except for trade secrets or non-public information, are satisfied and met within the frame of the applicable laws.

Information demands of shareholders are reviewed and assessed at a minimum at the level of Deputy General Manager, and are met diligently, accurately and completely in such manner to fairly reflect the truth, in the soonest time possible, subject to limitations as to trade secrets and confidential information.

For the sake of effective use of shareholding rights, explanations on the frequently asked questions and all information about the developments affecting the use of rights are made public via the Company's internet website, while individual demands are being met by the relevant Unit. The information demands of shareholders about the legal and commercial relations between the Company and natural persons or legal entities being directly or indirectly related or affiliated to the Company in terms of capital, management or supervision are also met and satisfied to the extent allowed by the applicable laws.

Pursuant to the applicable laws, minority shareholders have the right to request the General Assembly to appoint a special auditor to inspect and audit some specific events and matters. None of the shareholders of the Company has requested the General Assembly to appoint a special auditor during 2013. However, the demand of appointment of special auditor is not incorporated as an individual right in the articles of association of the Company.

4. General Assembly Meetings

During the report period, one General Assembly meeting has been held, namely the 2012 Annual Ordinary Meeting of the General Assembly.

The 2012 Annual Ordinary Meeting of the General Assembly has been held with participation of our shareholders representing 59.3%, i.e. 230.6 million TL of the paid capital of 389 million TL of our Company.

The meeting has not been attended by media or stakeholders other than shareholders.

As the Company's articles of association does not contain a clause allowing participation of media and stakeholders, other than shareholders, in the General Assembly meetings, neither media nor stakeholders, other

than shareholders, are accepted to the meetings of the General Assembly.

The call for meeting, containing information about the place, date, time and agenda of the meeting, and a sample form of power of attorney required there in for, is made public no later than three weeks prior to the date of meeting in the Turkish Trade Registry Gazette, and Cumhuriyet newspaper, and the Public Disclosure Platform, and is separately published in the Company's internet website as well.

Information on the meeting has been further sent within the same period of time by registered mail, return requested, to the shareholders registered in the share book of the Company. All meeting-related information may also be retrieved from the Company's internet website.

No proposal has been received as to inclusion of topics in agenda of the General Assembly meetings.

Before the meetings, the financial statements and reports, also including the annual report, as well as profit distribution proposal, information document prepared about the agenda topics of the General Assembly meeting, other documents relied upon in agenda topics, and last version of the articles of association, and amendment notes relating to the articles of association have been kept ready and open for inspection by shareholders in the Company's headquarters and internet website.

At all stages of the meetings, shareholders are allowed to ask questions and raise proposals and motions. Shareholders have used their right to ask questions in the meetings, and the questions asked in the meetings have been instantly answered, as also clarified in the relevant meeting minutes.

We are showing maximum effort for facilitation of participation in the General Assembly, and no negative feedback has so far been received from shareholders in relation therewith.

Minutes of the General Assembly meetings have been circulated to shareholders at the end of meeting, and have separately been published in the Public Disclosure Platform and the Company's internet website in order to inform the shareholders who could not participate in the meeting.

Donations and grants made by the Company during the report period are detailed below, and these donations and grants will be presented to the information of shareholders as a separate agenda topic in the 2013 Annual Ordinary Meeting of the General Assembly. (Amounts are expressed in Turkish Lira.)

Fider Subscriptions	17.400 TL
Others	220 TL
TOTAL	17.620 TL

5. Voting and Minority Rights

Pursuant to the articles of association, each share gives one voting right to its holder.

Though none of the shares in the share capital of the Company has a voting privilege, the Group "A" shareholders have the privileges of nomination of Directors and internal auditors and of giving consent to all and any amendments in the articles of association.

The Company does not have any mutual participation or shareholding relations with any other company.

The Board of Directors elected by the General Assembly does not contain any minority interest representative.

However, the Board of Directors contains 2 independent directors who do not represent any shareholder of the Company.

The Company's articles of association does not cover any minority interests recognized in favor of holders of shares lower than one-twentieth of the share capital.

6. Dividend Rights

No shares privileged in terms of participation in the sharing of profit of the Company exist.

The Company's profit distribution policy has been made public and published in the Company's internet website. This policy has been presented to the shareholders and been approved by majority of votes in the 2012 annual ordinary meeting of the General Assembly of Shareholders.

Thereafter, pursuant to the Profit Shares Communiqué, no. II-19.1, published by the Capital Markets Board in the Official Gazette edition 28891 on 23 January 2014, the Company's profit distribution policy has been updated and made public and published in the Company's internet website. The revised profit distribution policy will be presented for approval in the 2013 annual ordinary meeting of the General Assembly of Shareholders. Full text of the profit distribution policy is given in the activity report.

For presentation to the approval of the General Assembly of Shareholders, the Board of Directors has determined the amount of first profit share of the year 2013 as 100% of the profit of period. If the profit distribution proposal is accepted and approved by the General Assembly of Shareholders, the 2013 profit shares will be distributed as bonus shares, and an amount of 15,000 Thousand TL projected to be distributed out of extraordinary reserves will be distributed in cash.

7. Transfer of Shares

The Company's articles of association does not contain clauses restricting the transfer of shares.

PART II – INFORMING THE PUBLIC AND TRANSPARENCY

8. Disclosure Policy

The Company's disclosure policy has been put into force by a decision, no. 934, dated 7 February 2006, of the Board of Directors.

Pursuant to the Material Events Communiqué, no. II-15.1, published by the Capital Markets Board in the Official Gazette edition 28891 on 23 January 2014, the Company's information policy has been updated and made public and published in the Company's internet website. The revised information policy will be presented to shareholders for information purposes in the 2013 annual ordinary meeting of the General Assembly of Shareholders. Full text of the information policy is given in the activity report.

As updated, the up-to-date versions of the disclosure policy of the Company is made public, and is presented to shareholders for information purposes in the General Assembly meetings. Disclosure policy is published in Turkish and in English in the Company's internet website and annual report.

The Investor Relations Unit is responsible for management of disclosure policy. Employees of the unit are as tabulated below:

Name and Surname	Telephone Number	Function	Elektronic Mail Adress
Sn. Nida Çetin	0 212 350 74 00	Head of Unit	nidacetin@isleasing.com.tr
Sn. Onan Keleş	0 212 350 74 50	Unit Officer	onankeles@isleasing.com.tr
Sn. Neslihan Oruç	0 212 350 74 70	Unit Officer	neslihanoruc@isleasing.com.tr

To the best of the Company's knowledge, there is no material change in the management and activities of the Company planned for the future periods. In such a case, within the frame of the applicable laws, the assumptions and the data and information relied upon in such assumptions are made public. If and when the estimates and assumptions contained in the future-oriented information made public are not realized or it is understood that they will not realize, the updated information will immediately be made public, together with reasons and justifications thereof.

9. Company's Website and Its Contents

The Company's website is at the address of www.isleasing.com.tr.

Website contains information mentioned in the corporate governance principles. Information in the website are separately prepared in English as well for use by the foreign investors.

10. Annual Report

The Company's annual report is being prepared and made public in accordance with the principles set forth in the "Communiqué on Principles of Financial Reporting in Capital Markets", No. II-14.1, and the "Communiqué on Corporate Governance", No.II-17.1, published by the Capital Markets Board.

Furthermore, the annual report also covers the minimum contents specified in the "Regulation on Determination of Minimum Contents of Yearly Annual Report of Companies" issued and published by the Customs and Trade Ministry of the Republic of Turkey.

Annual report is detailed enough to ensure access of the public to complete and accurate information about the Company's activities, and the report further contains information referred to in the corporate governance principles.

PART III - STAKEHOLDERS

11. Information to Stakeholders

Stakeholders are persons, entities or interest groups being related to activities of the Company or having an interest in achievement of objectives of the Company. Accordingly, stakeholders are determined as shareholders, employees, creditors, customers, suppliers, public entities and institutions, non-governmental organizations and potential savors who may consider to invest in the Company.

The stakeholders policy of the Company formulated within the frame of its corporate governance principles has been made public, and is also published in the Company's website. Said policy contains provisions relating to protection and information of stakeholders and their participation in management, as well as information about human resources policy, and relations with customers and suppliers.

In information of shareholders and stakeholders, the Company has adopted to behave within the frame of equality, integrity, neutrality, consistency and timeliness principles. In this context, all statements and disclosures are required to be made timely, accurately, completely, comprehensibly and be easily accessible, in such manner to protect the rights and interests of the Company as well. Stakeholders are informed through public disclosures, minutes of general assembly meetings, annual reports, financial reports, public disclosure platform and the Company's website.

Information of stakeholders is under the responsibility of the Board of Directors, the Corporate Governance Committee and the Investor Relations Unit within the frame of the Company's disclosure policy.

Employees are informed about issues relating to objectives and fields of the Company through performance assessment meetings. Furthermore, memoranda of information published via the corporate portal established as an internal sharing system of the Company are also accessible by all employees.

A mail address of icdenetim@isleasing.com.tr has been formed in order to enable the employees to report to the Internal Audit Unit any events or issues which do not comply with the applicable laws and are considered to constitute a risk. For reporting of operational losses, the “Operational Loss Event Data Entry” screen on the portal is being actively used by the employees. In addition, the reportings of stakeholders to the Investor Relations Unit with respect to unlawful and unethical transactions of the Company are further transmitted to the Corporate Governance Committee and the Audit Committee through the “Investor Relations Form” included in the Company’s website.

12. Inclusion of Stakeholders in Company Management

The Company’s articles of association does not contain any clause pertaining to participation of stakeholders in the Company management. However, the Board of Directors includes independent directors as an assurance for equal protection of the rights and interests of shareholders and other stakeholders within the decisions taken.

Before material decisions are taken, to which extent the stakeholders will be affected therefrom is also taken into consideration. Efficient participation of employees in the decision making processes is assured through “employee satisfaction questionnaire” system. Results of the poll conducted for taking opinions and comments of employees are evaluated by the Company management and reported to the employees. Through this system, suggestions of employees aimed at improvement of their job and working conditions are collected and evaluated, and the suggestions found feasible are taken into consideration in formulation of the Company policies.

With a view to supporting the innovative and creative skills of employees, an “Employee Suggestion Platform” is operated in the Company portal in order to systematically assess and evaluate the suggestions for improvements and to actualize the suggestions found fit and feasible, and those who make such actualized suggestions are rewarded so as to encourage the innovative and creative contributions of employees.

13. Human Resources Policy

Main principles of human resources policy of the Company are outlined below:

- The principle of leveling the playing field and providing equal opportunities to candidates in equal conditions in recruitment is adopted, and recruitment criteria are determined in writing.
- Ultimate attention is shown to ensure reliable and high standards in and to improve the working atmosphere and conditions in line with the needs.
- In decisions as to training, appointment and promotion, in addition to the existing objective data, the Company’s interests are also taken into consideration.
- Decisions taken about the employees and developments affecting them are shared with the employees.
- With the intention of contributing to personal and performance development of employees, training plans

are prepared, and employees are taken to training within the frame of a yearly training plan.

- No discrimination of race, religion, language and sex is allowed among the employees, and respect is shown to human rights, and employees are protected against internal physical and emotional mobbing acts.

During the report period, no complaint of discrimination has been received by the Company management from employees.

As the communication between the Company and its employees is established directly, it is not deemed necessary to separately appoint a representative for relations between the Company and its employees.

Job definitions, individual goals and performance and rewarding criteria are determined and announced by the Company management to employees.

14. Ethical Rules and Social Responsibility

Ethical rules of the Company have been made public and are published also in the Company's website.

The projects financed in this context are ensured to be in compliance with the laws pertaining to environment and public health.

As a requirement of its social responsibility, the Company is taking actions for recycling of used paper, and is giving support to social responsibility projects deemed fit and eligible.

PART IV – THE BOARD OF DIRECTORS

15. Structure and Composition of the Board of Directors

The Board of Directors is composed of non-executive members, other than the General Manager, and Chairman of the Board of Directors and General Manager are different persons.

The Company has two Directors satisfying the independence criteria stipulated in the corporate

Name and Surname	Position	Executive/Non-executive	Term Of Office
Suat İnce	Chairman	Non-executive	2 years
Ozan Gürsoy	Vice Chairman	Non-executive	2 years
Halil Erođlu	Member	Non-executive	2 years
M. Hakan Berument	Independent Member	Non-executive	2 years
M. Baha Karan	Independent Member	Non-executive	2 years
Hasan K. Bolat	Member/General Manager	Executive	2 years
Z. Hansu Uçar	Member	Non-executive	2 years
Fikret Utku Özdemir	Member	Non-executive	2 years
Ünal Çakmak	Member	Non-executive	2 years

It has been decided that the duties of nomination committee will be performed by the Corporate Governance Committee in the Company, and the committee has nominated two independent member nominees, and has presented to the Board of Directors on 08.03.2013 a committee report of the same date discussing whether the nominees meet the independence criteria or not.

Curriculum vitae of the Directors are as follows:

Suat İnce (*Chairman of Board of Directors*)

Born in Ankara in 1965, Mr. İnce is a graduate of Division of Economy of Administrative Sciences Faculty of METU (Middle East Technical University). Starting his career in Türkiye İş Bankası A.Ş. in 1987, Mr. İnce worked as inspector, vice manager and area manager in credits department, commercial credits manager, corporate credits manager and branch manager, and is appointed as a Deputy General Manager in 2008. Since 2011, he is working as Deputy General Manager in charge of corporate and commercial banking, sales and marketing. Since 05 May 2008, Mr. İnce is the Chairman of the Board of Directors of İş Leasing.

Ozan Gürsoy (*Vice Chairman*)

Born in 1974, Mr. Gürsoy is a graduate of Division of Public Management of Economic and Administrative Sciences Faculty of METU, and holds an MBA degree from University of Birmingham. Starting his career in Türkiye İş Bankası A.Ş. as an inspector in 1996, he is appointed as vice manager in corporate credits department in 2006, and as unit manager in corporate credits allocation department in 2009, and as corporate banking product manager in 2011. Mr. Gürsoy is a member of Board of Directors of İş Leasing since 14 October 2009.

Halil Eroğlu (*Member*)

Born in 1952, Mr. Eroğlu is a graduate of the Political Sciences Faculty of Ankara University. Starting his career in Türkiye İş Bankası A.Ş. as an inspector in 1976, and after working in various different branches and general management units of Türkiye İş Bankası A.Ş., Mr. Eroğlu has served as the general manager of Dışbank A.Ş. between 1996 and 1998, and as the general manager of İş Leasing between 1998 and 2001, and as the general manager of Sınai Yatırım Bankası A.Ş. between 2001 and 2002, and as the general manager of TSKB A.Ş. between 2002 and 2011. Mr. Eroğlu is a member of Board of Directors of İş Leasing since 8 June 2011.

Prof. Dr. M. Hakan Berument (*Independent Member*)

Born in 1965, Mr. Berument is a graduate of Division of Economy of METU. Completed his post-graduate study in economics in University of Kentucky, and completed his doctorate study in University of North Carolina at Chapel Hill in 1994. Worked as academician in University of North Carolina between 1991 and 1994, and as visiting assistant associate professor in Wake Forest University between 1994 and 1995, and as assistant associate professor in Bilkent University between 1995 and 1999, and as Senior Economist in the Turkish Central Bank in 1999, and as assistant associate professor in Bilkent University between 1999 and 2003, and as associate professor in the same university between 2003 and 2007, and became a professor in 2007. Mr. Berument is currently an academician in Division of Economy of Bilkent University. Mr. Berument is elected as independent member of Board of Directors of İş Leasing on 29 March 2012.

Prof. Dr. Mehmet Baha Karan (*Independent Member*)

Having graduated from Business Administration Division of Middle East Technical University in 1978, Mr. Karan completed his doctorate study in Business Administration Division of Gazi University in 1984. After working as Associate Professor in Business Administration Division of Hacettepe University between 1996 and 2002, Mr. Karan is working as Professor in the same University since 2003. Worked as Founder Manager in Financial Researches Center of Hacettepe University between 1998 and 2004, as Vice Dean in Economic and Administrative Sciences Faculty of Hacettepe University between 2007 and 2009, and as President of Business Administration Division of Hacettepe University between 2009 and 2012 and currently is working as academician Business Administration Division of Hacettepe University. Furthermore, Mr. Karan has also served as chairman, director and executive in various different international professional organizations such as Multinational Finance Society and Professional Risk Managers' International Association (PRMIA).

Hasan K. Bolat (*Member*)

Born in 1966, Mr. Bolat is graduated from Ankara University, Faculty of Political Sciences, Division of International Relations. Starting his job career as an inspector in Türkiye İş Bank in 1988, Mr. Bolat is appointed as Şişli branch vice manager in 1996. After serving as Gaziosmanpaşa branch manager between 2000 and 2002, and as Dudullu Industrial branch manager between 2002 and 2003, and as commercial credits regional manager between 2003 and 2007, and as SME credits department head between 2007 and 2013. Mr. Bolat is further working is a member of board of directors of Efes Varlık Yönetim A.Ş. since 28 March 2013. Mr. Bolat is appointed as İş Leasing General Manager on 07.03.2013.

Z. Hansu Uçar (*Member*)

Born in 1971, and having graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Division of Business Administration, Ms Uçar has started her job career as an assistant investment specialist in the Department of Subsidiaries of Türkiye İş Bankası A.Ş. in 1994. After working in management steps in charge of various group companies in the same Department, Ms Uçar is working as unit manager in the Department of Subsidiaries since 2007. Further serving as a member of board of directors and internal auditor in various group companies of Türkiye İş Bankası A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2004, Ms Uçar has been elected as a member of board of directors of İş Finansal Kiralama A.Ş. on 30 July 2013, is at the same time a member of Risk Management Committee and Corporate Governance Committee.

Fikret Utku Özdemir (*Member*)

Born in 1970, Mr. Özdemir is graduated from Middle East Technical University, Division of Business Administration in 1995. Holding a finance master's degree from Edhec Business School, Mr. Özdemir has started his job career as an inspector in Türkiye İş Bank in 1996. After an internship in risk management department between 2001 and 2002, Mr. Özdemir worked as Commercial Credits Allocation Unit Vice Manager between 2006 and 2009, and is appointed as Commercial Credits Allocation Unit Manager in 2009. Being appointed as international financial institutions department manager on 28 June 2013, Mr. Özdemir is a member of Board of Directors of İş Finansal Kiralama A.Ş. since 29 March 2013.

Ünal Çakmak (*Member*)

Born in 1975, Mr. Çakmak is graduated from Selçuk University, Faculty of Economic and Administrative Sciences, Division of Business Administration, and further holds a MBA from Yeditepe University. Starting his job career as

an officer in Nişantaşı Branch of Türkiye İş Bank in 1999, Mr. Çakmak has served as Assistant Service Supervisor in Türkiye İş Bank's Software Development Department between 2001 and 2004, and as Assistant Service Supervisor and Second Manager in Commercial Credits Allocation Unit between 2004 and 2007, and is appointed as Second Manager to SME Credits Allocation Unit in 2007. Becoming Vice Manager in the same unit in 2009, Mr. Çakmak is currently working as Unit Manager in SME Credits Allocation Unit. Mr. Çakmak has been elected as a member of board of directors of İş Leasing on 19 November 2013.

Independence statements of independent members of the Board of Directors are as follows:

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors; and
- That I am deemed a resident of Turkey according to the Income Tax Law; and
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.

Name & Surname: Prof. Dr. M. Hakan BERUMENT

Date : 08.03.2013

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors;
- That I am deemed a resident of Turkey according to the Income Tax Law;
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.

Name & Surname : Prof. Dr. M. Baha KARAN

Date :08.03.2013

The Company has not imposed certain rules pertaining to outside jobs of the Directors, and the guidelines determined in the corporate governance principles are complied with in connection therewith.

Outside jobs and duties of the Directors are as below:

Name and Surname	Company	Position
Suat İnce	Türkiye İş Bankası A.Ş. / Group company	Deputy General Manager
	CJSC İşbank / Group company	Member of Board of Directors
	İşbank AG / Group company	Member of Board of Directors
Ozan Gürsoy	Türkiye İş Bankası A.Ş. / Group company	Corporate and Commercial Banking Product Unit Manager
Prof. Dr. M. Hakan Berument	Bilkent University / Out of Group	Academician
	Economic Research Forum / Out of Group	Researcher
	Economic Researchers Association / Out of Group	Member of Board of Directors / Member of Advisory Committee
Prof. Dr. M. Baha Karan	Hacettepe University / Out of Group	Academician
	Anadolu Hayat Emeklilik A.Ş. / Group company	Independent member of Board of Directors
	Energy Markets Research and Application Center of Hacettepe University	Member of Board of Directors
	Professional Risk Managers' International Association	Co-chairman in Turkey
Z. Hansu Uçar	Multinational Finance Society	Chairman
	Türkiye İş Bankası A.Ş. / Group company	Participations Department Unit Manager
	Türkiye Şişe ve Cam Fabrikaları A.Ş., Soda Sanayii A.Ş., Trakya Cam Sanayii A.Ş., Trakya Yenişehir Cam Sanayii A.Ş., Trakya Polatlı Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Anadolu Cam Yenişehir Sanayi A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Paşabahçe Mağazaları A.Ş., Çayırova Cam Sanayii A.Ş., Camiş Madencilik A.Ş., Anadolu Cam Eskişehir Sanayii A.Ş., Asmaş Ağır Sanayi Makinaları A.Ş., Cam Elyaf Sanayii A.Ş., Kültür Yayınları İş Türk A.Ş., Camiş Yatırım Holding A.Ş., Avea İletişim Hizmetleri A.Ş., İş Faktoring A.Ş./ Grup İçi	Yönetim Kurulu Üyesi

During the report period, no event which eliminates the independence of the Directors has occurred.

The Directors have been elected in line with a motion presented by Group "A" Privileged Shareholders in the annual ordinary meeting of the General Assembly, and there is one female member among the Board of Directors.

At the board meeting held on 30 July 2013, Mrs. Z. Hansu UÇAR was elected as a member of board of directors, corporate governance committee and risk management committee, following the resignation of Mr. M. Armağan SARAÇOĞLU.

16. Fundamental Principles of the Board of Directors' Activities

The Board of Directors meets as often as required for effective performance of its duties.

Agenda of the Board meetings is prepared by the Chairman of the Board of Directors in due consultation with other directors and General Manager. Information and documents relating to the topics included in the agenda of a Board meeting are presented to the Directors for their consideration through an equal information flow an adequate time beforehand. Calls for the Board meetings are first made verbally by phone, and later in writing by e-mail, and the General Management secretariat is assigned for calls and information process.

A total of 7 Board meetings are held during 2013.

Date	Decision No.	Participation	Decision Quorum
29.01.2013	1988	6 directors attended.	Unanimous vote
14.03.2013	2004	7 directors attended.	Unanimous vote
16.04.2013	2013	8 directors attended.	Unanimous vote
28.05.2013	2034	All directors attended.	Unanimous vote
12.09.2013	2064	7 directors attended.	Unanimous vote
07.11.2013	2082	7 directors attended.	Unanimous vote
12.12.2013	2091	All directors attended.	Unanimous vote

Questions asked and comments made by the directors in the meetings, and if any, the justification of votes on decisions are recorded in the minutes of decisions. None of the directors has given a dissenting vote in 2013 meetings. According to articles of association of the Company, the Directors do not have any cast vote or veto right.

The Company does not have any internal written regulation relating to formal requirements of Board meetings, and such a regulation will be issued in 2014.

Pursuant to the articles of association of the Company, the Board of Directors meets majority of the members, and takes its decisions with affirmative vote of majority of the members present in the meeting.

During the report period, no related party transaction and no material transaction has been presented to the Independent Members of the Board of Directors for approval purposes.

17. Number, Structure and Independence of Committees Appointed by the Board of Directors

Within the frame of the “Communiqué on Corporate Governance”, No. II-17.1, of CMB (“Communiqué”), an Audit Committee to perform the duties of Audit Committee of Board of Directors, and a Risk Management Committee to perform the duties of the Committee for Early Detection of Risks, and a Corporate Governance Committee to perform the duties of the Committee for Nominating Committee and Remuneration Committee are formed within the organization of the Board of Directors.

Audit Committee

The two-member Audit Committee is chaired by M. Hakan Berument, a non-executive Independent Member of the Board of Directors. Other member of the Committee is Prof. Dr. M. Baha Karan, a non-executive Independent Member of the Board of Directors.

Duties and operating principles of the Audit Committee have been approved and put into effect by our Board of Directors, and the committee is working within the frame of these principles.

Duties and Operating Principles of Audit Committee

1. OBJECTIVE

These regulations are intended to set out the duties and the operating principles of Audit Committee (the “Committee”), established within the organization of the Board of Directors of İş Finansal Kiralama A.Ş. in accordance with the Capital Market Legislations and the Capital Markets Board Corporate Governance Principles.

2. LEGAL BASIS

These principles regarding the responsibilities and the operations of the Committee have been developed on the basis of and in accordance with the regulations and the provisions as per the Communiqué on Independent Auditing (Serial: X, No: 22) and the Communiqué on the Establishment and Implementation of Corporate Governance Principles (Serial: IV, NO: 56).

3. AUTHORITIES AND SCOPE

The Committee, the secretariat of which shall be conducted by the Manager of the Financial Management Division, shall be constituted by the Board of Directors of the members thereof and be so authorized as appropriate. All Committee members shall be appointed amongst the independent members of the Board of Directors.

The Committee shall oversee the accounting system of the Company, the public disclosure of the financial information, the independent auditing and functioning and the effectiveness of the internal control system of the Company.

The Committee shall be authorized to determine the independent audit firm, from which the Company shall procure service, and the scope of the service to be procured to be submitted to the Board of Directors for approval. The auditing process and activities shall be carried out under the oversight of the Committee.

The Committee shall, further, be authorized to identify and set forth the methods and the criteria applicable for the conclusion of the complaints related to the accounting practices, internal control system and independent audit of the Company and the treatment as confidential of the notifications by the Company's staff in respect of the same.

The Committee may refer to independent experts' opinions and procure consultancy services at the Company's cost on such matters it may deem necessary and expedient in respect of its activities; and may summon and refer to the opinions of the internal and the external auditors, employees and executives of the Company where it may deem so necessary.

The duties and the responsibilities of the Committee shall not discharge the Board of Directors from its responsibility under Turkish Code of Commerce.

The Manager of the Financial Management Division, being the secretary of the Committee, shall ensure any and all activities performed and actions taken by the Committee to be documented in writing and be so recorded, such documents and records to be properly archived and the members of the Committee to be informed effectively.

4. FORMATION OF THE COMMITTEE

Type of Committee	A Committee of the Board of Directors
Chairman	A member elected by the Committee members for the chair amongst them.
Members	The Members of the Board of Directors elected amongst the members thereof for the committee
Term of Office for the Members	Each member shall be appointed for a term of office of 1 year; and any member, whose term of office may expire, shall be eligible for reappointment.
Meeting Frequency	Minimum 4 times a year to be quarterly at the rarest.
Quorum for Resolution	The minimum meeting quorum for the Committee shall be the half of the total number of members; and the Committee shall adopt resolutions by unanimity.
Resolution on the Constitution	The Resolution No. 403, dated 31.01.2003, of the Board of Directors.
Immediate Superior Body	Board of Directors

The Committee shall comprise of minimum two members, all of whom shall be elected amongst the independent members of the Board; and any executive member of the Board may not be appointed to serve within the Committee.

5. MEETINGS AND REPORTING

The Committee shall convene for minimum four times a year, being quarterly at the latest.

Any meeting of the Committee shall be attended by the Committee members, the Manager of the Financial Management Division, who shall act as the secretary, and such Company staff members, to be summoned in respect of the agenda. The Committee may conduct interviews individually and hold meetings with the members of the Company's top management, the internal control officer, the concerned independent auditing firm and any Company staff member, serving at any hierarchical level, in accordance with the confidentiality principles, where it may deem so necessary.

Any resolution adopted at the Committee meetings shall be documented in writing in the form of minutes, which minutes shall be signed by the Committee Members and be submitted by the Chairman of the Committee to the Board of Directors. The Committee shall promptly notify the Board of Directors in writing of its findings and recommendations related to the field of its respective duties and responsibilities.

6. DUTIES AND RESPONSIBILITIES

6.1. Financial Statements and Public Disclosure

- The Committee shall review the annual and interim financial statements and the notes thereto, which are to be announced to public, for compliance with and consistency to the Communiqué on Uniform Chart of Accounts to Be Implemented by Financial leasing, Factoring and Financing Companies and Its Explanation As Well As the Form and Scope of Financial Statements to Be Announced to Public, Turkish Accounting Standards and Turkish Financial Reporting Standards ("TFRS") as well as the other regulations, communiqué, statements and circular notes issued by the Banking Regulation and Supervision Agency (BRSA) in respect of accounting and reporting principles, obtain the opinions of the Company executives in charge and the independent auditing firm and submit such as well as its findings and considerations to the Board of Directors in writing.
- The Committee shall review the annual report to be announced to public for the accuracy and consistency of the information contained therein, and shall submit its findings and considerations to the Board of Directors in writing.
- The Board of Directors shall be responsible for the formation of an internal control system to ensure the preparation and submission of the financial statements in the manner that they do not contain any materially

inaccurate information due to errors or misconduct in office, and the selection and implementation of appropriate accounting policies. The Committee shall review any changes to the accounting policies, the internal control system or the applicable legislations, which may materially affect the preparation of the financial statements, and shall report such changes to the Board of Directors.

- The Committee shall review material accounting and reporting issues as well as material legal problems and ensure the investigation of the impact thereof on the financial statements.
- The Committee shall review and ensure the proper conclusion of any complaints filed with the Company by, primarily, the shareholders and stakeholders in respect of the accounting practices, the internal control system and the independent audit, which may affect the financial statements. The Committee shall identify and set forth the methods and the criteria applicable for the treatment as confidential of the notifications by the Company's staff members on the aforesaid matters.
- The Committee shall review such events and transactions, the recognition as per the accounting records of which are subject to the consideration and determination of the Company's management at its sole discretion, such as the valuation of the assets and the resources, the guarantees and the sureties, the fulfillment of social responsibilities, the provisions for litigation, the actions filed against the Company, the other liabilities and the contingent events.

6.2. Independent Auditing Firm

- The selection and the replacement of the independent auditing firm, the commencement of the audit process and the monitoring and the assessment of the auditing activities shall be carried out under the oversight of the Committee.
- The Committee shall review the scope of audit and the auditing process proposed by the independent auditing firm, and inform the Board of Directors on the matters, which preclude its activities.
- The Committee shall negotiate the matters, which may pose a threat to the independent status of the independent auditing firm, and the preventive mechanisms established in place against such matters, assess the performance of the independent auditing firm in terms of the independent status thereof, and shall submit its findings and considerations on the matter to the Board of Directors.
- The Committee shall hold periodical meetings with the independent auditing firm on regular basis, and shall ensure the timely information of the Committee on and the discussion at the Committee of material issues, which may be detected either during or as a consequence of the auditing activities, and the actions recommended to be taken in respect thereof, and the communication to and the responding by the Company in respect of the recommendations provided by the independent auditing firm on the matter.

- The Committee shall review and approve any compensation and damages payable to the independent auditing firm.

6.3. Internal Audit and Internal Control

- The Committee shall review and ensure the revision as necessary of the operating regulations of the Internal Audit and Risk Management Division.
- The Committee shall review the reports drawn up by the Internal Audit and Risk Management Division, and ensure the communication to the Board of Directors and Head Office of the problems found and the recommendations offered for the elimination of such problems.
- The Committee shall review the results of the audits and the investigations conducted by the regulatory authorities and the Audit Committee of T. Is Bank, and shall inform and provide recommendations to the Board of Directors thereon.

6.4. Compliance with Legal and Internal Regulations

- The Committee shall monitor the Company's operations for compliance with the applicable legislations and internal regulations, assess the activities carried out by the Head Office on the matter, and identify and set forth the rules to be followed in the event of any action in breach of such regulations.
- The Committee shall review the outcomes of the investigations and proceedings initiated by the Company's management on such matters as misconduct in office, unjustified benefits, conflicts of interest, abuse of information of trade secret nature and incompliance with the applicable regulations through the monitoring system developed by the Company for compliance with the laws and the regulations.

During 2013, the Audit Committee has met eleven times and has taken eleven decisions. In its meetings, the Committee has reviewed and assessed the following issues:

- The distribution of tasks inside the Committee has been resolved, and chairman of the committee has been elected.
- The 2013 yearly audit plan prepared by the Company has been discussed and approved.
- It has been determined in due consultation with the responsible executives of the Company that the consolidated financial statements and their footnotes and annual reports have been prepared accurately in strict compliance with the applicable laws and the generally accepted principles and standards, and then, the consolidated financial statements have been presented to the Board of Directors' approval for being made public.

- The Committee has not detected any negative finding as to posting of the trading operations of the Company to accounting records, and operations and efficiency of internal control system, and performance of tax and legal obligations, and has found out that all such transactions have been conducted duly and properly during the report period.
- Determinations, comments and suggestions determined as a result of audit activities conducted by the Internal Audit Unit have first been shared with the Internal Audit and Risk Management Unit, and the latter has been ensured to take all complementary and preventive measures deemed necessary in connection therewith.
- The internal control, file audit and division/unit audit reports prepared by the Internal Audit and Risk Management Unit during the report period have been reviewed, and presented to the Board of Directors for approval.

Corporate Governance Committee

The Corporate Governance Committee is at the same time performing the functions of Nomination Committee and Remuneration Committee. The Company's Corporate Governance Committee is composed of three members. Chaired by Prof. Dr. M. Baha Karan, a non-executive Independent Member of the Board of Directors, the Corporate Governance Committee is composed of members Mr. Ozan Gürsoy and Mr. Z. Hansu Uçar, both being non-executive Members of the Board of Directors.

Duties and Operating Principles of Corporate Governance Committee

1. OBJECTIVE

These regulations are intended to set out the duties and the operating principles of the Corporate Governance Committee (the "Committee"), established within the organization of the Board of Directors of İş Finansal Kiralama A.Ş. in accordance with the Capital Market Legislations and the Capital Markets Board Corporate Governance Principles.

2. LEGAL BASIS

These principles regarding the responsibilities and the operations of the Committee have been developed on the basis of and in accordance with the regulations and the provisions as per the Communiqué on the Principles to Be Followed by Corporations (Serial: IV, No: 41) and the Communiqué on the Establishment and Implementation of Corporate Governance Principles (Serial: IV, NO: 56) of the Capital Markets Board.

3. AUTHORITIES AND SCOPE

The Committee, the secretariat of which shall be conducted by a staff member of the Investor Relations Division, shall be constituted by the Board of Directors of the members thereof and be so authorized as appropriate.

The duties of the Compensation Committee and the Nomination Committee, which are contemplated to be established pursuant to the provisions of Article 4.5.1 of the Communiqué on the Establishment and Implementation of Corporate Governance Principles (Serial: IV, No: 56) of the Capital Markets Board, shall also be performed by the Corporate Governance Committee.

The Committee shall be authorized to

- establish whether or not the Corporate Governance Principles are duly implemented at the Company, the reason for any failure in respect thereof, and the conflicts of interest, which may have arisen as a consequence of the failure of full compliance with the said principles; furnish the Board of Directors with recommendations for improvement on the matter, ensure the development, the adoption and the implementation of such principles within the organization of the Company, and oversee the activities of the Investor Relations Division,
- identify and set forth the policies and strategies for the determination of eligible members for the Board of Directors; assess the functioning, structure and efficiency of the Board of Directors and the committees formed and operating thereunder and to furnish the Board of Directors with recommendations on the matter; assess the performances of the members of the Board of Directors and the senior executives and identify and set forth the principles and practices applicable to the matter,
- identify and set forth the principles of compensation of the members of the Board of Directors and the senior executives as well as the criteria applicable for performance – based compensation of the same; furnish the Board of Directors with recommendations in respect of the compensation to be offered with consideration of the performance in the fulfillment of such criteria.

The Committee may refer to independent experts' opinions and procure consultancy services at the Company's cost on such matters it may deem necessary and expedient in respect of its activities; initiate and conduct examinations and investigations, and may summon and refer to the opinions of the internal and the external auditors, employees and executives of the Company where it may deem so necessary.

The concerned staff member of the Investor Relations Division, being the secretary of the Committee, shall ensure any and all activities performed and actions taken by the Committee to be documented in writing and be so recorded, such documents and records to be properly archived and the members of the Committee to be informed effectively.

4. FORMATION OF THE COMMITTEE

Type of Committee	A Committee of the Board of Directors
Chairman	An independent member of the Board of Directors elected by the Committee members for the chair amongst them.
Members	The members of the Board of Directors elected by the Board for the committee and, if so appointed, 1 senior executive of the Company, meeting the qualification requirements contemplated by the applicable legislations
Term of Office for the Members	Each member shall be appointed for a term of office of 1 year; and any member, whose term of office may expire, shall be eligible for re-appointment.
Meeting Frequency	Minimum 4 times a year to be quarterly at the rarest.
Quorum for Resolution	The minimum meeting quorum for the Committee shall be any more than half of the total number of members; and the Committee shall adopt resolutions by majority of the members.
Resolution on the Constitution	The Resolution No. 740, dated 02.03.2005, of the Board of Directors.
Immediate Superior Body	Board of Directors

In the cases where the Committee comprises of two members, both members, and in the cases, where the Committee comprises of more than two members, then the majority of the members shall be such members of the Board of Directors, who do not perform executive functions; and the Chairman of the Committee shall be elected amongst the independent members of the Board of Directors.

A senior executive, who holds a “Capital Market Activities Advanced Level License” and a “Corporate Governance Rating Specialist License” and is assigned to ensure the coordination in the corporate governance practices of the Company, may be appointed to hold a seat at the Committee.

5. MEETINGS AND REPORTING

The Committee shall convene for minimum four times a year, being quarterly at the latest.

Any meeting of the Committee shall be attended by the Committee members, the concerned staff member of the Investor Relations Division, who shall act as the secretary, and such Investor Relations Division staff members and other Company staff members, to be summoned in respect of the agenda. The Committee may conduct interviews individually and hold meetings with the members of the Company’s top management, the internal control officer, the concerned independent auditing firm and any Company staff member, serving at any hierarchical level, in accordance with the confidentiality principles, where it may deem so necessary.

Any resolution adopted at the Committee meetings shall be documented in writing, be signed by the Committee Members and be submitted by the Chairman of the Committee to the Board of Directors.

6. DUTIES AND RESPONSIBILITIES

6.1. Compliance with Corporate Governance Principles

- The Committee shall ensure the adoption and implementation within the Company's organization of the Corporate Governance Principles.
- The Committee shall establish whether or not the Corporate Governance Principles are duly implemented at the Company, the reason for any failure in respect thereof, and the conflicts of interest, which may have arisen as a consequence of the failure of full compliance with the said principles, and furnish the Board of Directors with recommendations for improvement on the matter.
- The Committee shall review and ensure the conclusion of the material complaints filed with the Company in respect of governance, and ensure the communication to the management of the notifications on the matter on the said matters within confidentiality.
- In the cases where the Company carries out independent corporate governance rating activities; the Committee shall identify the respective rating firm, review the matters established as per the rating report, and furnish the Board of Directors with recommendations for improvement.

6.2. Public Disclosure

- The Committee shall review the annual report to be announced to public and submit it to the Board of Directors for approval.
- The Committee shall develop recommendations to ensure the compliance of the statements and analysts' presentations to be disclosed publicly with the applicable laws and regulations as well as the Information Policy of the Company.

6.3. Investment Relations

- The Committee shall oversee the activities of the Investor Relations Division, and act in cooperation with the Board of Directors and the said Division in the maintenance of effective and efficient communication between the Company and the shareholders and the settlement and resolution of any controversies, which may so arise.

6.4. Nomination

The Committee is imposed also the duties of the Nomination Committee, and shall, in that regards,

- carry out activities for the formation of a transparent system to the end of the identification, assessment and training of eligible members for the Board of Directors, and the development of appropriate policies and strategies on the matter.
- assess any proposed independent member nominations by the management and the shareholders with due consideration of whether or not the proposed nominee meets the criteria for independent member status, document its considerations on the matter in the form of a report, and submit such report to the Board of Directors for approval.
- In the event of the resignation of any independent member; conduct appropriate assessments for the appointment of substitute independent members for the seats, which so become vacant, to serve until the next immediate shareholders' assembly meeting with a view to ensure the complementation of the members of the Board of Directors, and shall notify the Board of Directors in writing of the conclusions of such assessment.
- conduct periodical assessments on regular basis in respect of the structure and the efficiency of the Board of Directors, and furnish the Board of Directors with any revision recommendations on the said matters.
- identify and set forth the approach, principles and practices applicable for the performance assessment and career planning of the members of the Board of Directors and senior executives, and oversee the implementation thereof.

6.5. Compensation Principles

The Committee is imposed also the duties of the Compensation Committee, and shall, in that regards,

- establish and set forth recommendations in respect of the approach, principles and practices applicable for the compensation of the members of the Board of Directors and the senior executives with due consideration of the long term goals of the Company; and review and revise the Compensation Policy of the Company on regular basis.
- identify and set forth the performance criteria of the Company and the criteria applicable for compensation on the basis thereof, and submit such to the Board of Directors for approval.
- furnish the Board of Directors with recommendations in respect of the compensation to be offered to the members of the Board of Directors and the senior executives with consideration of the performance in the fulfillment of such criteria.

- The stock options and the performance-based compensation schemes of the Company shall not be applicable for the compensation of the independent members of the Board of Directors, who shall be duly and sufficiently compensated for the preservation and maintenance of the independent status thereof.

During 2013, the Corporate Governance Committee has met seven times and taken seven decisions. In its meetings, the Corporate Governance Committee has reviewed and assessed the following issues:

- The corporate governance principles compliance report issued by the Company for 2012 activity period has been reviewed, and presented to the Board of Directors for approval.
- Nominations for Independent Members of the Board of Directors have been evaluated as to whether the nominees meet the independence criteria or not, and then, a report on nominations for independent members has been presented to the Board of Directors.
- The distribution of tasks inside the Committee has been resolved, and chairman of the committee has been elected.
- The operations and efficiency of the Investor Relations Unit have been discussed, and it has been determined that the Unit has acted duly and properly in terms of information of investors and enlightenment of public.
- It is noted that the procedures relating to General Assembly meetings are carried out in compliance with the corporate governance principles, and that the decisions taken in such meetings are made public in a timely manner.
- It is noted that the financial reports and annual reports are made public within legal periods of time and are published in the Company's website.
- It is noted that the website is updated by the Investor Relations Unit.
- As a part of activities of the Investor Relations Unit, it is determined that all of the information demands of shareholders have been duly answered, and information meetings have been organized with investors and analyst at home and at abroad, during the report period.
- It is noted that the Company acts properly and duly in terms of implementation of the Corporate Governance Principles, and there is no important and material complaint reported by stakeholders to the Company.

Risk Management Committee

The two-member Risk Management Committee is chaired by Mr. M. Hakan Berument, a non-executive Independent Member of the Board of Directors. Other member of the Committee is Mr. Z. Hansu Uçar, a non-executive Member of the Board of Directors.

Duties and operating principles of the Risk Management Committee have been approved and put into effect by our Board of Directors, and the committee is working within the frame of these principles.

Duties and Operating Principles of Risk Management Committee

1. OBJECTIVE

These regulations are intended to set out the duties and the operating principles of the Risk Management Committee (the "Committee"), established within the organization of the Board of Directors of İŞ Finansal Kiralama A.Ş. in accordance with the Capital Market Legislations and the Capital Markets Board Corporate Governance Principles.

The objective of the Risk Management Committee, which is assigned to manage the risks, to which the Company may be exposed due to the operations carried out thereby, is to prepare the risk management strategies and policies to be implemented by the Company and submit such to the Board of Directors for approval, to identify in advance and on early basis of the risks, which may jeopardize the existence, development and the maintenance of the Company, to ensure the management in accordance with the corporate risk-taking profile of the Company of any such risks so identified, to ensure such risks to be taken into consideration throughout the decision – making mechanisms and the formation of effective and efficient internal control systems to that end, to assess the activities performed on the matter, and to monitor the practices performed, accordingly.

2. LEGAL BASIS

The principles regarding the responsibilities and the operation of the Committee are set out by the Communiqué on the Establishment and Implementation of Corporate Governance Principles (Serial: IV, No: 56) of the Capital Markets Board. The Committee shall also perform the duties contemplated by the said Communiqué to be performed by the Early Detection of Risk Committee.

3. AUTHORITIES AND SCOPE

The Committee, the secretariat of which shall be conducted by the Internal Audit and Risk Management Officer, shall be constituted by the Board of Directors of the members thereof and be so authorized as appropriate. The chairman of the Committee shall be appointed amongst the independent members of the Board of Directors.

The Committee may refer to independent experts' opinions and procure consultancy services at the Company's cost on such matters it may deem necessary and expedient in respect of its activities; and may summon and refer to the opinions of the internal and the external auditors, employees and executives of the Company where it may deem so necessary.

The Committee shall function to the end of the early detection and identification of the risks, which may jeopardize the existence, development and the maintenance of the Company, the taking of appropriate actions in respect of the risks so detected and identified, and the management of such risks.

The Committee shall review and revise as necessary the risk management systems of the Company at least once a year.

4. FORMATION OF THE COMMITTEE

Type of Committee	A Committee of the Board of Directors
Chairman	An independent member of the Board of Directors elected by the Committee members for the chair amongst them.
Members	The Members of the Board of Directors elected amongst the members
thereof for the committee	Each member shall be appointed for a term of office of 1 year; and any member, whose term of office may expire, shall be eligible for re-appointment.
Term of Office for the Members	Each member shall be appointed for a term of office of 1 year; and any member, whose term of office may expire, shall be eligible for reappointment.
Meeting Frequency	Minimum 12 times a year to be monthly at the rarest.
Quorum for Resolution	The minimum meeting quorum for the Committee shall be the half of the total number of members; and the Committee shall adopt resolutions by unanimity.
Resolution on the Constitution	The Resolution No. 891, dated 27.10.2005, of the Board of Directors.
Immediate Superior Body	Board of Directors

In the cases where the Committee comprises of two members, both members, and in the cases, where the Committee comprises of more than two members, then the majority of the members shall be such members of the Board of Directors, who do not perform executive functions; and the Chairman of the Committee shall be elected amongst the independent members of the Board of Directors.

5. MEETINGS AND REPORTING

The Committee shall convene for minimum twelve times a year, being monthly at the latest.

Any meeting of the Committee shall be attended by the Committee members, the Internal Audit and Risk Management Officer, who shall act as the secretary, and such Company staff members, to be summoned in

respect of the agenda. The Committee may conduct interviews individually and hold meetings with the members of the Company's top management, the internal control officer, the concerned independent auditing firm and any Company staff member, serving at any hierarchical level, in accordance with the confidentiality principles, where it may deem so necessary.

Any resolution adopted at the Committee meetings shall be documented in writing in the form of minutes, which minutes shall be signed by the Committee Members and be submitted by the Chairman of the Committee to the Board of Directors.

6. DUTIES AND RESPONSIBILITIES

The Board of Directors has assigned the Committee to establish and ensure the functionality of the risk management systems, to oversee, assess and direct the activities carried out on the matter, and to ensure the coordination as necessary. The Committee shall be responsible for the performance of the risk management activities in accordance with the Company's needs and risk policies in terms of the scope, procedures and methods related thereto and for the risk management processes. The risk management duties and responsibilities of the

Committee are provided as follows:

1. To prepare the risk management strategies and policies to be implemented by the Company and to submit the same to the Board of Directors for approval, and to furnish the Board of Directors with recommendations for the monitoring and the revision of such practices.
2. to furnish the Board of Directors with recommendations in the identification of the baseline risks, to which the Company is exposed, and to furnish the Board of Directors with recommendations for the monitoring and the elimination of any violation of such limits.
3. to review the Risk Reports to be prepared by the Internal Audit and Risk Management Division, and to submit the recommendations in respect of the actions to be taken for the findings as well as other matters included in such reports to the Board of Directors for consideration and approval.
4. to monitor the risk measurement methods and the results so derived in order to ensure the accuracy and reliability thereof and
5. to closely monitor the development of credit risk and the condition of and the course followed by the doubtful receivables portfolio.

During 2013, the Risk Management Committee has met nine times and has taken ten decisions. In its meetings, the Committee has reviewed and assessed the following issues:

- The distribution of tasks inside the Committee has been resolved, and chairman of the committee has been elected.

- It has been resolved that risk reports be prepared and issued 4 times a year in March, June, September and December months, and in addition, a summary risk report be issued on monthly basis, and such resolutions have been presented to the Board of Directors for information purposes.
- Periodic risk reports issued by the Company have been evaluated by the Committee, and it has been determined that the risks mentioned in the reports are within the limits of individual risks and total risks, as determined by the Board of Directors, and said reports have been presented to the Board of Directors for information purposes.
- Risk management systems have been reviewed, and necessary actions have been taken for preparation of risk management strategies and policies of the Company with a view to implementation of the required precautions and management of risks, and the results have been presented to the Board of Directors for approval purposes.

As per the principle no. 4.5.3 of the Corporate Governance Principles, all members of the Audit Committee are Independent Directors. Chairmen of Risk Management Committee and Corporate Governance Committee are also Independent Directors, while other committee members are elected from among non-executive Directors.

18. Risk Management and Internal Control Mechanism

Potential risks that may be incurred by the Company are defined in the Risk Catalogue. Risk policies have been formulated for risk categories which are materially important for the activities and operations of the Company. All of the current practices, procedures and work flows have been made compliant with the risk policies, and the relevant internal control processes have been established.

Risk Management Committee regularly reviews the processes relating to measurement, assessment and management of risks, and reports its activities to the Board of Directors on monthly basis.

Furthermore, the Audit Committee, through internal audit activities, monitors and follows up the efficiency of risk management and internal control activities of the Company, and reports its results to the Board of Directors.

19. Strategic Goals of Company

Strategic goals of the Company are formulated by the Board of Directors by considering the competition conditions, general economic conjuncture, overall expectations in national and international financial markets, and mid- and long-term objectives of the Company. The formulated strategies and goals are discussed and evaluated comprehensively and in all respects by the Board of Directors and the Company management. Strategies and goals are approved by the Board of Directors, and the Company General Management is responsible for implementation thereof.

Developments relating to the approved strategies and goals are reported to the Board of Directors on monthly basis. In its meetings, the Board of Directors reviews the place of the Company in its market segment, the Company's activities and operations, the level of achievement of yearly budget figures and goals, the financial structure and performance, and compliance of reporting and activities with international standards. If the goals cannot be achieved, the reasons thereof and the measures that may be taken in relation therewith are evaluated. The Board of Directors meets regularly in order to perform its supervision and audit functions effectively and continuously.

20. Financial Rights

The Company's wage policy has been presented to the information of shareholders as a separate agenda item in the annual ordinary meeting of the General Assembly, and is further published in the Company's website. The purpose of the wage policy is to ensure that the Company's waging practices are conducted and managed in compliance with the relevant applicable laws and the scope, structure, strategies, long-term objectives and risk management structures of activities and operations of the Company, and in such manner to prevent excessive risk taking, and in reliance upon effective risk management. The policy covers all executives and employees of every level of the General Management and branches of the Company in terms of wage management.

The amounts of remunerations paid to the Directors and internal auditors are determined by the General Assembly. No fringe benefits or fees other than remunerations are paid to the Directors and auditors.

Remunerations of independent members of the Board of Directors are paid directly to them, and remunerations of other directors are paid to the corporations they are representing in the Board of Directors. During 2013, a total sum of 688 thousand TL has been paid to the members of board of directors.

The top echelon executives of the Company are eligible not only for wages and fringe benefits, but also for a bonus premium paid once a year and determined by the Board of Directors by taking into consideration such indicators as the Company's business volume, kind of activities, risk level, size of the managed and administered structure, factors relating to market segment, and inflation rate. Furthermore, company car and mobile phone are also allocated to the top echelon executives of the Company. During 2013, a total sum of 1.814 thousand TL has been paid to the top echelon executives of the Company.

Loans or credits are not made available to the Directors and executives, and credit facility is not extended through a third party under the name of personal credit, or collaterals and guarantees such as surety are not granted to them.