



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report

İşLeasing[®]

28 December 2009

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Rating and Executive Summary

İŞ FİNANSAL KİRALAMA A.Ş. (ISFIN)

SAHA
Corporate Governance Rating:

8.02

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MAIN SECTIONS: Avg. 80.24

Shareholders: 81.99



Public Disclosure & Transparency: 85.11



Stakeholders: 88.74



Board of Directors: 66.58



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

İş Finansal Kiralama A.Ş. (İş Leasing) is rated with **8.02** as a result of the Corporate Governance study done by SAHA. Details of this study are presented in the following chapters as main sections and sub-sections. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

We observed that İş Leasing took the necessary steps to determine its governance risks and improved in setting up sound internal controls and management systems. There is still room, on the other hand, for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, İş Leasing scored **8.20**. Having no upper limits for voting rights, presence of an active investor relations department and conducting general shareholder meetings in compliance with the national rules and regulations are positive aspects. On the other hand; the lack of cumulative voting rights, the lack of right to request special auditor and the privilege of group A shareholders in nominating board members are areas which need further improvement.

İş Leasing attained **8.51** under the **Public Disclosure and Transparency** chapter. The company has a comprehensive information policy and disclosed it to public on its web site. Public announcements which may affect the value of the company are made via all communications channels and are in accordance with the CMB and ISE's rules and regulations. The comprehensive web site of the company is actively used. However, capital structure of the company is not presented in a table format that would include the names of the ultimate controlling shareholders in detail.

On the topic of **Stakeholders**, İş Leasing has broadly complied with the CMB Principles apropos company policy regarding stakeholders, protection of company assets, human resources policy and relations with the customers and creditors and scored a well deserved **8.87**. İş Leasing's participation in environmental initiatives and sports is not at a desirable level.

From the perspective of the Principles regarding the **Board of Directors**, İş Leasing's tally is **6.66**. There is a well communicated company mission and vision statement. The board of directors consists of broadly experienced, competent, and suitably educated individuals and none of them are executives. Moreover, having formed a corporate governance committee is a step towards full compliance with CMB's corporate governance principles. However, the lack of independent members in the board and the lack of cumulative voting rights and presence of privileges of the majority shareholders remain to be potential areas for improvement.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by İş Finansal Kiralama A.Ş. and according to the Corporate Governance Principles issued by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of The World Bank, Organization of Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the representatives of these two organizations and private sector. Experts and representatives from the CMB, the Istanbul Securities Exchange and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose; additionally many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after the required evaluations. Accordingly, these Principles have been established as a product of contributions of all high-level bodies.

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the company's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 400 code criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.19).

In compliance with the CMB's directive and to reach an overall Corporate Governance Rating, SAHA allocates the following weights to the four main sections of the Principles:

Shareholders: **%25**
Disclosure and Transparency: **%35**
Stakeholders: **%15**
Board of Directors: **%25**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

İş Finansal Kiralama A.Ş.	
	<p>CHAIRMAN Suat İnce Acting General Manager Nida Çetin</p>
<p>İş Kuleleri, Kule:2 Kat:10 34330 Levent-İstanbul www.isleasing.com.tr</p>	<p>Investor Relations Unit Director Nida Çetin Tel: (0212) 350 7400, Fax: (0212) 350 7499 nidacetin@isleasing.com.tr</p>

İş Leasing was founded in 1988 as the partnership of International Finance Corporation (IFC), Société Générale, Türkiye Sınai Kalkınma Bankası, Sınai Yatırım Bankası and İşbank.

The İşbank Group became the sole owner of İş Leasing after IFC and Société Générale transferred their shares to İşbank in 1995. By the help of İşbank's countrywide branches, İş Leasing has become one of the strong and reliable institutions in the sector with its respected name. Shares of İş Leasing have been listed on the national market of ISE as of March 2000.

İş Leasing's public shares are traded at the Istanbul Stock Exchange (ISE) under the code "ISFIN" and are a constituent of ISE National 100 (XU100), ISE National 100-30 (XYUZO), ISE National All Shares (XUTUM), ISE National Financial (XUMAL), and ISE Financial Leasing (XFINK).

İş Leasing's Capital Structure and Shareholding		
Shareholder	Amount (TL)	Share %
Türkiye İş Bankası A.Ş.	69,485,304	27.79
Türkiye Sınai Kalkınma Bankası A.Ş.	71,400,000	28.56
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1,125,000	0.45
Nemtaş Nemrut Liman İşletmeleri A.Ş.	2,250,017	0.90
Publicly traded	105,739,679	42.30
TOTAL	250,000,000	100.00

The Board of Directors of İş Leasing is as follows:

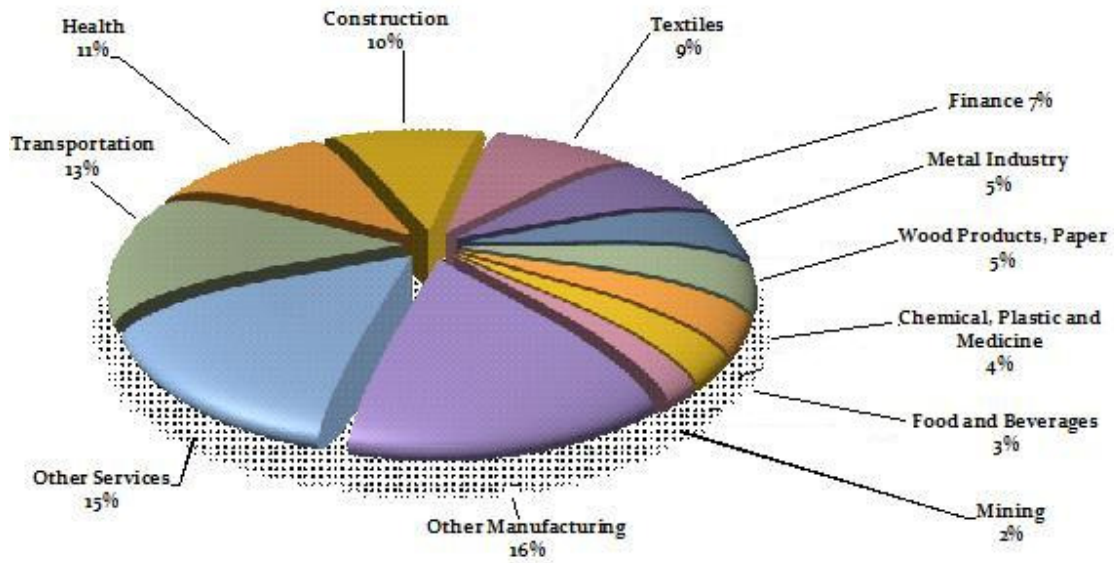
İş Leasing Board of Directos		
Name	Title	Executive/Not
Suat İnce	Chairman	Not Executive
Onur Veliattin İzci	Member	Not Executive
Ozan Gürsoy	Member	Not Executive
Ethem Öz	Member	Not Executive
Z.Hansu Uçar	Member	Not Executive
Burak Akgüç	Member	Not Executive
Ömer Eryılmaz	Member	Not Executive

According to the statistical data issued by the Turkish Leasing Association, the transaction volume of the sector was TL 2,400 million* as of the end of 3rd quarter of 2009. The transaction volume in the sector has decreased by 57% when compared to the previous year. Number of contracts for 3rd quarter of 2009 was 4,363.

***Source; Turkish Leasing Association.**

İş Leasing has realized a volume of TL 198 million for the 3rd quarter of 2009 where this volume was TL 347 million in the 3rd quarter of 2008. Company's market share is 8.3% as of end of September 2009.

Portfolio distribution of İş Leasing, as of 30.09.2009, is as follows;



İş Leasing's summary consolidated balance sheet as of end of 3rd. quarter 2009 is as follows:

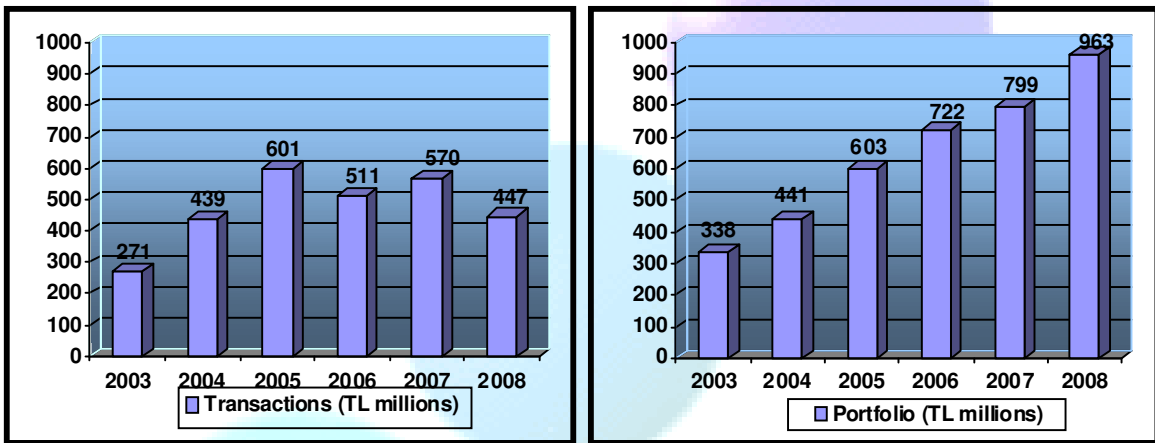
TL thousands	2007	2008	2009/3rdQtr
Total Assets	1,052,343	1,235,524	1,394,990
Leasing Receivables (Net)	799,321	963,329	858,026
Shareholders Equity	215,439	285,102	331,270
Net Profit/Loss	46,716	76,309	34,778
Avg. Return On Assets	4.8	6.67	3.52
Avg. Return On Equity	25.2	30.4	15.04
Debt Ratio	3.88	3.33	3.21
Profit Margin (%)	17	17	18

The last general shareholders' meeting approved, out of TL 73,319 thousand total net profits, the distribution of TL 21,996 thousand as first dividend to shareholders in the form of stocks. Remaining TL 51,323 thousand is retained as extraordinary reserves and bonus stocks are distributed in a timely manner.

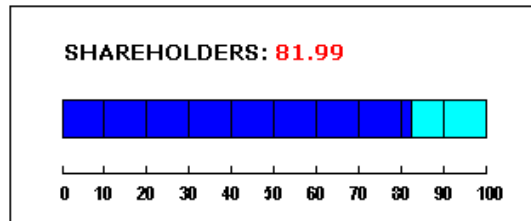
İş Leasing distributed TL 0.1189 / share as dividends in 2008. Dividends distributed in 2007 were TL 0.0958 / share.

Registered capital of the company, as of 2009/3rd quarter is TL 400 million. İş Leasing's board decided, in the board meeting of 22.05.2009, to increase its paid-in capital from TL 185,000,000 to TL 250,000,000. For this purpose, TL 65,000.000 worth of new shares were registered to the CMB (Capital Markets Board) as of 23.06.2009 by decision number 50/461.

İş Leasing's transaction volume and portfolio performance is as follows;



SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Shareholder relations unit is established
+	All information required to exercise shareholders' rights in a sound manner are made available to all shareholders
+	General shareholders' meetings conducted in compliance with CMB rules and regulations
+	Equal treatment of shareholders
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory
+	Dividend policy is defined
+	Voting rights are facilitated
+	No upper limit in voting rights
-	Shareholders do not have the right to request appointment of special auditors from the general shareholders' meeting
-	Minority rights are not extended beyond legislative threshold
-	Lack of cumulative voting procedures
-	An informative document relating to the agenda items of the general shareholders' meeting is not prepared
-	Existence of privileges in nominating board members

In exercising shareholders' rights, legislation, articles of association and other in-house regulations are applied and necessary precautions to ensure

use of such rights are adopted. To this end, an Investor Relations Unit has been formed.

All information required to exercise shareholders' rights in a sound manner are made available to all shareholders. However, there is no provision in the articles of association that allows each shareholder to have the right to request from the general shareholder meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

Minority rights are not extended beyond the regulatory provisions of Turkish Commercial Code and legislation that governs public incorporated companies and the articles of association of the company do not allow cumulative voting procedures.

Procedures followed prior to the general shareholders' meeting as well as the conduct of the actual meeting are in compliance with the relevant legislation and regulations and serve to enable shareholders to exercise their rights in a most efficient manner. Shareholders are provided with sufficient information prior and during the general shareholders' meeting, however, an informative document relating to the agenda items was not prepared.

There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. There are no obstacles to the implementation of voting rights of foreign investors. However, there is a nomination privilege in the articles of association of the company.

The right to vote is automatically granted once the share is acquired and there are no arrangements that would postpone the exercise of the right to vote a certain period following the acquisition of the share. Voting was conducted through open ballot and by raising hands during the general shareholders' meeting.

İş Leasing has a clearly defined and consistent dividend policy which is disclosed to the public. The articles of association of the company do not allow for the implementation of interim dividend payments.

Neither the articles of association of the company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.

All shareholders, including the minority and foreign ones, are treated equally and fairly.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

In exercising shareholders' rights, legislation, articles of association and other in-house regulations are applied and necessary precautions to ensure use of such rights are adopted. At İş Leasing, an Investor Relations Unit ("the Unit") has been formed in order to maintain relationships with existing and potential shareholders in a structured manner, effectively respond to investor and analyst queries, and carry out activities targeted at increasing company value. The Unit is headed by Ms. Nida Çetin and staffed by Mr. Onan Keleş, Ms. Neslihan Oruç ve Ms. Hamide Akçal görev yapmaktadır.

The Investor Relations Unit keeps proper, secure and up-to-date records of shareholders; responds to written queries for information regarding the company, excluding the undisclosed

information that is confidential and trade secret; ensures that the general shareholders' meeting is conducted in accordance with the legislation, the corporate statute and other inter-company regulations; prepares the documents to be used by the shareholders in the general shareholders' meeting; keeps the records of voting results and ensures that all reports related to the resolutions of the general shareholders' meeting are sent to the shareholders; and conducts supervision and surveillance of all issues concerning public disclosure, including the related legislation and information policy of the company.

The staff of the Investor Relations Unit is suitably trained, adequately experienced to facilitate the exercise of shareholders' statutory rights, proactive, willing to efficiently apply corporate governance principles, and open to improvements.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no discrimination among shareholders when exercising their right to obtain and evaluate information and all information required to exercise shareholders' rights in a sound manner are made available to all shareholders. This information is submitted as complete, accurate and in a timely and diligent manner.

İş Leasing's obligation to inform shareholders includes legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial, administrative, supervisory or ownership related relationship.

In order to broaden the scope of shareholders' right to obtain and evaluate information, any type of information that may affect the way in

which shareholders exercise such rights, are updated on a regular basis in electronic form. However, there is no provision in the articles of association that allows each shareholder to have the right to request from the general shareholder meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

1.3. Minority Rights:

There are no ceilings applied to the number of votes that shareholders may cast. There are no obstacles to the implementation of voting rights of foreign investors.

On the other hand, minority rights are not extended beyond the regulatory provisions of Turkish Commercial Code and legislation that governs public incorporated companies. The articles of association of the company do not allow cumulative voting procedures and there are nominating privileges of group A shares.

1.4. The Right to Participate in the General Shareholder Meeting:

The procedure, content and timing of invitation to the general shareholders' meeting allowed shareholders to acquire adequate information about the agenda items to be discussed prior to the meeting and enabled preparations thereto.

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting was performed through all means of communication available to the company and was published in trade registry gazette as well as in newspapers that enjoy nationwide circulation and on the company's web site 3 weeks prior to the meeting. The

procedure, content and timing of invitation to the general shareholders' meeting, allowed shareholders to acquire adequate information about the agenda items to be discussed prior to the meeting and enabled preparations thereto.

Information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting the general shareholder meeting; and the place where annual report, financial statements and other meeting documents can be examined were clearly indicated in all announcements prior to the general shareholders' meeting. However, an informative document relating to the agenda items was not prepared.

Commencing from the date of announcement of invitation for the general shareholder meeting; financial statements and reports including the annual report, proposal for dividend distribution, all other related documents pertaining to the agenda items, and the final version of the articles of association were made available to all shareholders for examination purposes at the headquarters of İş Leasing and also in electronic form.

During the preparation of the general shareholders' meeting agenda items, each proposal was put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" in the agenda were avoided.

Voting procedure is included in the corporate governance compliance report and is announced before the meeting. Proxy forms were posted on the web site promptly and appropriately for those who would appoint a proxy for the general shareholders' meeting.

The last general shareholders' meeting of İş Leasing took place before the signing date of the rating contract with SAHA. Thus, according to the minutes and attendance list of the last general shareholders' meeting as well as the declarations of company officials; the meeting took place at the headquarters of İş Leasing. The location of the general shareholders' meeting was easily accessible to all shareholders. The meeting did not lead to any discrimination among the shareholders, and took place at the least possible cost, and in the least complex manner.

Agenda items were expressed in an unbiased and detailed manner with, clear and concise method in the general shareholders' meeting. Shareholders were provided with equal opportunities to express their opinions, and raise any questions and a sound discussion environment was created.

The chairman conducted the meeting on fair grounds, and in an efficient manner that would enable shareholders to exercise their rights and ensured that each question imposed by any of the shareholders was answered directly in the general shareholders' meeting.

Auditors and authorized persons who were responsible for preparing the financial statements, persons who were in a position to inform shareholders about peculiar agenda items and all members of the board participated the meeting.

The chairman of the meeting took all the necessary precautions with respect to the application of voting procedure in which would best reflect the intention of the majority of the shareholders. Each agenda item was voted separately and the votes were counted and results of voting announced before the end of the meeting. The minutes of the meeting

were made available to the shareholders in writing or in electronic media at all times.

Articles of association of the company does not include a provision to maintain that decisions regarding the sale, purchase or lease of tangible/intangible assets in significant amounts, the division and allocation of shares which changes the capital and management structure of the company, are adopted in the general shareholder meeting.

1.5. Voting Rights:

Each shareholder, including foreign shareholders, are provided with the opportunity to exercise his/her voting right in the most appropriate and convenient way. There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting.

The right to vote is automatically granted once the share is acquired. Hence, under no conditions, arrangements that would postpone the exercise of the right to vote a certain period following the acquisition of share are adopted.

However, the articles of association of the company indicates that the shares are grouped into two as A and B. Members of the board and auditors are nominated by the group A shareholders and changes in the articles of association are subject to group A shares' approval.

Provisions that may prevent voting by use of a proxy who is not a shareholder are not included in the articles of association of the company. Legal representation was documented in writing. The board communicated with the institutional representatives and open representation principle was applied for the voting of institutional representatives.

Voting was conducted through open ballot and by raising hands during the general shareholders' meeting. Shareholders were notified about the voting procedure prior to the start of the meeting.

1.6. Dividend Rights:

İş Leasing has a clearly defined and consistent dividend policy. This policy is announced to the shareholders via the annual report of the company.

The dividend distribution proposal of the company included information such as the annual profit; amount and sources of distributable profit; the criteria according to which the board had prepared the dividend distribution proposal; dividends per share and information regarding past donations and contributions performed by the company during the accounting period.

Distribution of dividends was performed within the period prescribed by the legislation and as soon as possible after the general shareholders' meeting. The articles of association of the company does not allow for the implementation of interim dividend payments.

1.7. Transfer of Shares:

Neither the articles of association of the company nor any general shareholders' meeting decisions contain any provisions to impede the transfer of public shares.

1.8. Equal Treatment of Shareholders:

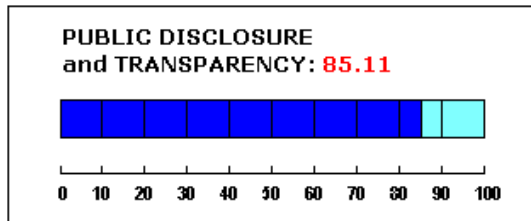
As a result of our review of the articles of association of the company, the conduct of the general shareholders' meetings, and interviews with company officials, we have observed

that the shareholders, including minority and foreign shareholders, are treated equally and fairly.

İş Leasing officials, during the rating process, have also declared that the board, executives, shareholders who are controlling the management, or other persons, who would have the privilege to retrieve various kinds of information, do not perform any activities on their own behalf which coincide with the activities of the bank.

We did not come across to a sign of any shareholder acting with the intention of harming other shareholders and the company unless aimed at protecting his/her own justified interest.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive corporate governance report disclosed to public
+	Ethical rules are established and disclosed to public
+	Comprehensive web site, actively used for public disclosure
+	Insider list is published
+	Disclosure about developments that may affect the value of the company complies with the legislation
+	The new audit committee has been active in the selection of the independent auditors
=	Information policy established, but not yet presented to the shareholders at the general shareholders' meeting
-	The concept of trade secret is not defined
-	Capital structure is not presented in a table format that would include the names of the ultimate controlling individual shareholders
-	Board of directors' statement about the status of internal control system not in the annual report.
-	Remuneration of executives not in annual report

The Investor Relations Unit is responsible for public disclosure at İş Leasing.

The board prepared collective principles to be used in the information policy of the company, disclosed it to the public on its web site, but not yet presented it to the shareholders at the general shareholders' meeting as a separate agenda item.

Any developments that may affect the value of the company's capital market instruments are disclosed to the public without any delay and within the time period required by the current legislation.

A comprehensive Corporate Governance Compliance Report is prepared and disclosed to public in İş Leasing's annual report and web site. The ethical rules of the company are also disclosed to public both in the annual report and on the company's web site.

İş Leasing's website is actively used as a means of public disclosure. The company's website emphasizes the announcement of the planned general shareholders' meeting, agenda items, other information, documents and reports on the agenda items, and information on methods of participation in the general shareholders' meeting. An informative document relating to the agenda items, however, has not been prepared.

Transactions between the company and board members, executives and shareholders; transactions performed by these parties on İş Leasing's capital market instruments; and any changes affecting the shareholding structure of the company are disclosed to public according to CMB and ISE regulations.

İş Leasing's ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners are not disclosed to the public in detail. This information should be presented in a table format and incorporated into the annual report.

The annual report of İş Leasing complies with the relevant legislation and the periodical financial statements and footnotes are prepared in accordance with the IFRS. Apart from minor exclusions, the annual report is informative and comprehensive.

The external audit of the company is done by a well known and reputable firm and complies with the current legislation.

A list of the names of executives and other persons/institutions who provide services to the company, and who can potentially possess price-sensitive information is prepared and disclosed to public in accordance with the information policy.

İş Leasing complies with CMB and ISE legislations when disclosing important events and developments.

2.1. Principles and Means for Public Disclosure:

The Investor Relations Unit is responsible for public disclosure at İş Leasing. Ms. Nida Çetin, Ms. Neslihan Oruç ve Ms. Hamide Akçal are authorized to sign disclosures on the Public Disclosure Platform (KAP). The Investor Relations Unit is assigned solely to monitor and supervise all issues pertaining to public disclosure. Additionally, investors, financial analysts, press members and similar groups are guided to this department.

In compliance with the transparency principle, the company accurately

discloses its accounting policy and operational financial results to the public. The board prepared collective principles to be used in the information policy of the company and disclosed it to the public on its web site. However, this document is not yet presented to the shareholders at the general shareholders' meeting.

This information policy covers category of information to be disclosed to the public in addition to the requirements of the relevant legislation; form and methods of disclosure; the method to be adopted in order to answer the questions submitted to İş Leasing and other relevant issues. However, the frequency at which the executives would confront the press/media and the type of information to be discussed at the general shareholder meeting is not included in the information policy.

Any developments that may affect the value of the company's capital market instruments are disclosed to the public without any delay and within the time period required by the current legislation. Should there be a significant change in the financial status and/or operations of the company, or in case of an expectation of such a significant change in the financial status and/or operations in the future, the information is disclosed to the public, save for the relevant provisions of legislation. Any changes or new developments in the already disclosed information are regularly updated and disclosed to the public.

A comprehensive Corporate Governance Compliance Report is prepared and disclosed to public in İş Leasing's annual report and web site. However, the unilateral declaration of the board, which covers information about whether or not the principles are being properly applied, if the principles are not being applied, the reasons for such non-application and all possible conflicts of interest due to the

improper adoption of the principles, are not incorporated in the report.

İş Leasing's dividend policy is disclosed to public via the web site of the company. The ethical rules of İş Leasing, on the other hand, are disclosed to public both in the annual report and on the company's web site.

Financial statements and reports are disclosed together with underlying statistical data and evidence. This information does not consist of any exaggerated provisions or misleading information that would lead to false interpretations about İş Leasing's financial status and operational results. The principles applicable to disclose forward looking information are included in the information policy of the company.

The independent audit and disclosure of the consolidated financial reports are made in line with the CMB rules and international standards.

İş Leasing's website is actively used as a means of public disclosure. It is easily accessible, user friendly and comprehensive. It is also made available in English for foreign investors with the same content. The company ensures that the information disclosed to the public is also available on its website which is configured and designed accordingly and takes all the necessary precautions in order to prevent any modifications on the information displayed on its website.

The website includes trade register information; information about the shareholder and management structure; information about privileged shares; the final version of the company's articles of association; publicly disclosed material information; annual reports and periodical financial statements; agendas of the general shareholders' meetings and list of participants and minutes of the

general shareholders' meeting; form for proxy voting at the general shareholders' meeting and frequently asked questions including requests for information, queries and notifications and responses thereof. However, date and numbers of the trade register gazettes in which amendments are published; minutes of the important board meetings which may affect value of capital market instruments are not included.

The company's website emphasizes the announcement of the planned general shareholders' meeting, agenda items, other information, documents and reports on the agenda items, and information on methods of participation in the general shareholders' meeting. An informative document relating to the agenda items, however, has not been prepared.

The company's web address is printed in the company's letterhead. The criteria regarding the use of the company's website are included in the company's information policy. In addition to disclosing information as required by the legislation, the company also publicly discloses any information that may affect decisions of shareholders and investors.

2.2. Public Disclosure of Relations between the Company and Its Shareholders, the Board of Directors and Executives:

İş Leasing officials declared that in case shareholding or voting right percentage of an individual or group reaches, exceeds or falls below the thresholds designated by the regulating authority, the company will disclose such information immediately upon being informed thereof, except otherwise required under relevant legislation. İş Leasing's public disclosure policy is in accordance with the current CMB, ISE and BRSA

(Banking Regulation and Supervision Agency) rules and regulations.

İş Leasing does not have any significant ultimate controlling individual shareholders to be identified after being released from indirect or cross shareholding relationships between co-owners. All the shareholders are legal entities and the controlling shareholders of these legal entities are again legal entities and corporations.

However, İş Leasing's ultimate controlling shareholders as identified after being released from indirect or cross shareholding relationships between co-owners can be incorporated in a table format and disclosed to the public in the company's annual report and financial statement footnotes.

Board members, executives and shareholders, who directly or indirectly own 5% of the company's capital, disclose all transactions performed on İş Leasing's capital market instruments as well as those of other group companies or any other company with whom the company maintains a material commercial relationship.

Commercial and non-commercial transactions between the company and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess management control or effect managerial decisions, are disclosed to public according to CMB and ISE regulations.

2.3. Periodical Financial Statement and Reports in Public Disclosure:

Periodical financial statements and footnotes are prepared in accordance with the CMB and BRSA legislation and

IFRS, and applied accounting policies are also included in the footnotes of the financial statements.

The footnotes of the periodical financial statements include all off-balance sheet transactions including contingent claims, all liabilities and operational results that would affect future financial status, liquidity of the company, investment expenditures, investment sources, and all relations which can effect the income-expense items with other natural persons and legal entities which are not within the scope of consolidation.

The annual report and the periodical financial reports are approved and signed by the board of directors. Likewise, a statement signed by the board of directors, the CEO, and the department manager responsible for the preparation of periodical financial statements and reports, indicating that the current periodical financial statements completely reflect the true financial status of the company and that the company acts in accordance with the related legislation, is incorporated in the annual report of the company.

İş Leasing's annual report includes the scope of activities of the company; information about the sector in which the company operates and the company's status within this sector; the board of directors' evaluation and analysis of financial status and operational results; explanation about the foreseeable risk factors regarding future operations; analysis of significant transactions carried out during the preceding year with the group companies and other related persons and institutions; commercial and non-commercial transactions between the company and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess at least 5%

and more of shareholding or having the control of the latter; the curriculum vitae of the company's board members and executives; their duties and responsibilities within the company; positions held outside the company; the organization, capital, ownership and management structure of the company; and statistical data and graphics.

However, the board of directors' statement about the status of internal control system as well as the audit firm's opinion about the internal control system; ownership structure table showing the controlling shareholders, as released from any indirect and cross shareholding relations is not incorporated in the annual report.

The annual report does not include any information about the company's involvement in environmental initiatives; the employees' social rights and professional training; and a detailed table that incorporates executives, their positions, their seniority ranking, and remunerations.

2.4. Functions of External Audit:

The operations and the contents of the contract signed with DRT Bağımsız Denetim ve SMMM A.Ş (a Deloitte Touche Tohmatsu company) are in compliance with the CMB legislation. There has been no legal conflict between the company and PwC.

Deloitte Touche, its auditors and other related staff working for Deloitte Touche, or a consultancy firm which Deloitte Touche has a direct or indirect controlling relationship did not provide consultancy services to İş Leasing to which they provide external auditing services within the same period, either in return for a fee or free of charge. Also, there has been no incidence where the independent firm refused to

declare an opinion. The nomination and election process of the audit firm starts with a proposal from the audit committee and top management to the board and ends with the board's choice.

2.5. The Concept of Trade Secret and Insider Trading:

The concept of trade secret is not defined in the in-house procedures of İş Leasing. However, when identifying information within the scope of trade secret, a balance was maintained between providing transparency and protecting the interests of the company and the company acts in accordance with the rules of accuracy, reliability and good faith in cases where the stakeholders seek to exercise their rights to obtain information.

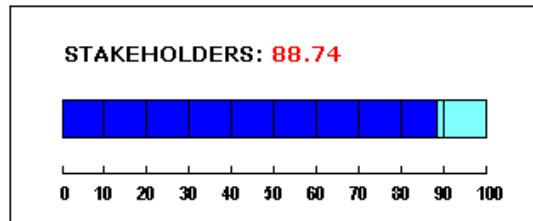
In order to prevent insider trading, necessary measures and precautions are taken. A list of the names of executives and other persons/institutions who provide services to the company, and who can potentially possess price-sensitive information is prepared and disclosed to public in the corporate governance compliance report.

2.6. Significant Events and Developments That Must Be Disclosed to the Public:

İş Leasing fully complies with CMB and ISE legislations when disclosing important events and developments.

All "Significant Developments That Must Be Disclosed to the Public" as per the Corporate Governance Principles of the CMB and their possible implications on the financial status and operational results of the company are disclosed immediately to the public via the "disclosure of special events".

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	All necessary facilities are utilized to preserve stakeholders' rights
+	Effective human resources policy
+	Compliance in quality standards of services
=	Ethical rules specified and declared to the public but not yet presented to the shareholders' meeting
=	No provision in the Articles of Association regarding the participation of stakeholders in the management of the company but the practice is satisfactory
-	No provision in the Articles of Association regarding the representation of employees in the board of the company

With regard to company policies concerning stakeholders, protection of company assets, human resources policy, relations with customers and suppliers, the company scores well above averages.

We have detected that the company acts with goodwill and within the capabilities of the company in cases that are related to the protection of stakeholders' rights when these rights are either regulated or not regulated by the legislation. The company acts leadingly in preventing and solving the conflicts that may arise between İş Leasing and stakeholders.

Although the employees have no right to participate in the board, the stakeholders', primarily employees', opinion is taken for the important decisions.

Being a leasing company, there is no direct production, instead the company provides financing for others.

We have detected no evidence of negligence or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

İş Leasing has a detailed human resources policy. Training, performance evaluation and remuneration are applied satisfactorily within the framework of this policy.

İş Leasing's board prepared an ethical code, disclosed it to public on its web site, but not yet presented it to the general shareholders' meeting as a separate agenda item.

3.1. Company Policy Regarding Stakeholders:

There have been no infringements regarding the stakeholders' rights that are protected by legislation and contracts.

Necessary steps are taken to protect the stakeholders' rights within the framework of good will where these rights are not regulated by the legislation. The company acts leadingly in preventing and solving the conflicts that may arise between the company and stakeholders.

The corporate governance structure of İş Leasing ensures that all

stakeholders, including the employees are provided with an effective and continuous mechanism to convey their concerns regarding legally and ethically improper transactions to management.

3.2. Stakeholders' Participation in the Company Management:

The company officials stated that; while there are no provisions in the articles of association of the company promoting the participation of stakeholders in management, there is a continuous communication with its stakeholders, and all the feedback received from stakeholders are evaluated and solution proposals are developed.

Employees are kept apprised of the general activities and applications of the company, and their suggestions are evaluated via the intranet site and through the open-door policy of the company.

3.3. Protection of Company Assets:

The company pays due attention to the protection of company assets and complies fully with relevant BRSA regulations.

Risks regarding those situations arising from any possible conflict of interest are followed and there is no evidence of negligence or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

3.4. Company Policy on Human Resources:

With respect to country specific standards, the company has a well established Human Resources policy that ensures both sound career planning and social rights of high standards.

There is no discrimination between employees regarding race, religion, ethnic origin, nationality or sex; equal opportunity is offered to people with the same working conditions; remuneration and waging is based on performance evaluation, work environment and conditions are designed to maximize safety and efficiency, and improved regularly. No complaints of discrimination have been received from any employee in recent years.

There is no trade union within İş Leasing.

3.5. Relations with Related Companies

In addition to its employees, the stakeholders of İş Leasing are its customers and creditors. We observed that there is an easy and accommodating relationship between İş Leasing and its stakeholders.

Within the scope of trade secret, confidentiality of information relevant to borrowers and creditors are respected. These issues are closely monitored by the management system and the internal control department.

3.6. Ethical Rules:

İş Leasing's ethical rules are prepared in detail and have been announced on the internet site. Even though the ethical rules prepared by the board are disclosed to public within the corporate governance compliance report of the company, they are not yet presented to shareholders' meeting as a separate agenda item.

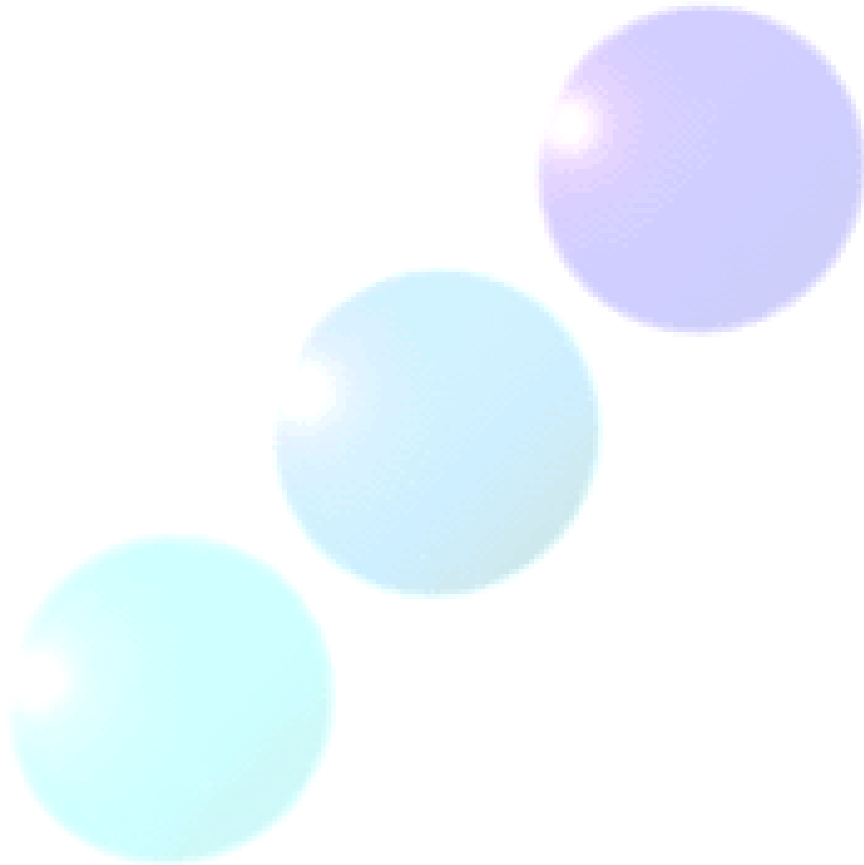
3.7. Social Responsibility:

There have been no significant legal conflicts between the company and the regulatory authorities as well as the tax office in recent history.

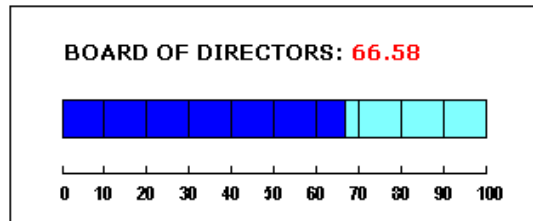
The company employs three in-house lawyers and works with independent law firms when needed.

İş Leasing is a member of Turkish Leasing Association (FIDER).

The company has no initiatives in environmental responsibility issues.



SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The company's vision and mission are clearly defined
+	The board is staffed with effective and highly qualified members
+	All of the board members are non-executive
+	There are corporate governance and audit committees within the board
-	Lack of cumulative voting procedures
-	No signed compliance and liability statement by board members.
-	No provisions in the Articles of Association defining procedures for shareholders or stakeholders to invite the board to convene.
-	There is a nomination privilege of group A shares
-	No independent board members

The board of directors has clearly defined the vision and mission of the company and is staffed by highly qualified, managerially skillful members who are experienced in company's areas of business. The board is overseeing that the company's activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies. It has been stated that none of the board members is indulged in any transaction and/or is engaged in any form of competition with the company.

On the other hand, not having independent members within the board and not having cumulative voting procedures are areas of improvement under this heading.

Likewise, before commencing work, members of the board have not declared in writing that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders in case of non-compliance.

Moreover, the articles of association of the company indicate that the members of the board and company auditors are nominated by the group A shareholders and changes in the articles of association are subject to group A shares' approval.

4.1. Fundamental Functions of the Board of Directors:

İş Leasing's vision is to "become one of the leaders in the sector by providing clients, shareholders and other stakeholders with quality services in accordance with ethical rules and international standards, thus creating added value". Company's mission is "to place priority on providing resources to SMEs and creating a wide-ranging portfolio, to respond to clients' requests promptly and efficiently while offering them quality solutions, to continue to provide added value to shareholders with consistency, and to make the necessary investments required to encourage and train employees who are important partners in company's success". The mission and vision statements are announced to public both in the annual report and on the company's web site.

The strategic goals determined by the executives in accordance with the company's plans are presented to the approval of the board of directors prior to authorization.

The board of directors continuously monitor the status of the company against its strategic goals, through monthly meetings, and the results of company's activities and its performance are evaluated in detailed reports.

The board assesses whether the executives are well qualified to suit the demands of their positions and seeks measures that would encourage qualified employees to work for the company over a long period of time. As the board deems appropriate, it terminates the employment of executives and appoints new executives to replace the former without delay.

4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:

Although there are no provisions in the articles of association specifying qualifications for board members; the company ensures that board members are preferably university graduates, possess a high level of competence and knowledge, are educated and experienced at least for 10 years in banking, are sufficiently competent to interpret the financial statements and reports; possess basic knowledge of legal framework regulating the activities and transactions related to company's field of activity, have never been convicted of violating regulations, have never been convicted by the law of debt or bankruptcy cases, have never received bankrupt's certificate, have never been approved for the re-composition of debts and are able to attend board meetings.

The board of directors determines the policies concerning shareholders, stakeholders and public relations, disclosure policy, and ethical rules, and takes necessary measures to ensure the organization's compatibility with the current conditions.

No evidence has been encountered as to any misuse of confidential and undisclosed information about the company for the benefit of board members or other parties.

All decisions made by the board of directors are recorded in the registry book. On the other hand there is no separate secretaria for the board, this work is conducted by the secretary of the CEO.

Each member in the board has one vote.

The Ethical Rules document includes a clause stating that members of the board cannot disclose confidential information and trade secrets to the public.

However, before commencing work, a written declaration by members of the board that they will comply with the legislation, articles of association, in-house regulations and established policies, and in case of in compliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders, is not practiced.

The members of the board of directors are assured of access to all type of information to carry out their tasks, and accordingly, issues to be discussed at board meetings are conveyed to members 3 days before each meeting along with the agenda.

4.3. Formation and Election of the Board of Directors:

None of the board members have been convicted or sentenced of non-conformity with the capital markets legislation or the Turkish penal code. All members are qualified and experienced persons maintaining high moral standards and fully capable of endorsing the required tasks to direct the company. However, the required specifications to be a board member are not listed in the articles of association.

There are seven members on the board and none of them are executives.

Although there are some members in the board who have the ability to execute their duties without being influenced under any circumstances, they are not accepted as independent by us due to lack of some CMB criteria.

The lack of a cumulative voting system is an important shortcoming with respect to full compliance to the "Corporate Governance Principles" of the Capital Markets Board.

4.4. Remuneration of the Board of Directors:

It has been declared by the company officials that İş Leasing has not lent any money or extended any credit to board members.

There is no incentive policy for board members and no written performance criteria.

4.5. Number, Structure and Independence of Committees Established by the Board of Directors:

The audit, risk and corporate governance committees are formed so

as to enable the board to execute its tasks in an efficient manner.

The members of the audit committee are Mr. Ömer Eryılmaz and Ms. Z. Hansu Uçar. The audit committee has taken all necessary measures to make sure that internal audit mechanisms are carried out adequately and transparently. The audit committee is also supervising the activities of the external auditors and full compliance with accounting standards. The audit committee also controls the compliance of periodic financial statements and footnotes as per the CMB and IFRS standards.

The appointment of the external auditors and the services to be provided thereby are subject to a preliminary approval by the audit committee. However, prior to appointment of the external audit firm, the audit committee does not prepare a report stating whether or not there exist any issues that may jeopardize independence of the audit company.

Moreover, a corporate governance committee is established in order to monitor the company's compliance with the corporate governance Principles and perform improvement studies and offer any possible suggestions to the board.

4.6. Executives:

İş Leasing's executives are operating in accordance with the company's vision, mission and strategic goals and in compliance with the financial and operational plans approved by the board.

Moreover, the executives are delegated with adequate authority and equipped with the professional qualifications required. None of the executives have been reported to have gained illegitimate or dishonest benefits at the expense of the

company. The company officials stated that there are no executives that had ever been sentenced for crimes against the capital markets legislation or the Turkish penal code. However, employment agreements do not contain provisions which clearly indicate that the executive may not be permitted to work for a competitor of the company and describe the sanctions to be implemented in case of violation of such provision in case the executive renounces from his/her duty.

On the other hand, it has been stated by the company officials that the executives are issuing periodic reports regarding the conformity of in-house procedures to the articles of association and internal procedures to the board of directors. Likewise, the human resources procedures include provisions for the executives to compensate the losses incurred by the company and third persons as a result of not performing their duties duly.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.