

# İŞ LEASING



ANNUAL REPORT  
2015

STABLE  
GROWTH  
STRONG  
INVESTMENT





Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
Kavacık Rüzgarlı Bahçe Mah. Kavak Sok.  
No:29 Beykoz 34805 İstanbul  
Tel +90 (216) 681 90 00  
Fax +90 (216) 681 90 90  
www.kpmg.com.tr

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT  
AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN  
TURKISH

Board of Directors of  
İş Finansal Kiralama Anonim Şirketi

Report on the Audit of Board of Directors' Annual Report Based on Standards on  
Auditing which is a Component of The Turkish Auditing Standards Published by The  
Public Oversight Accounting and Auditing Standards Authority ("POA")

We have audited the accompanying annual report of İş Finansal Kiralama Anonim  
Şirketi (the "Company") and its subsidiaries (the "Group"), for the year ended 31  
December 2015.

*Board of Directors' Responsibility for the Annual Report*

Pursuant to the article 514 of the Turkish Commercial Code numbered 6102 ("TCC")  
and Communiqué on the Principles of Financial Reporting In Capital Markets  
numbered II - 14.1 ("Communiqué"), management is responsible for the  
preparation of the annual report fairly and consistent with the consolidated financial  
statements and for such internal control as management determines is necessary  
to enable the preparation of such annual report.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the Group's annual report based on  
our audit in accordance with article 397 of the TCC and Communiqué whether the  
financial information included in the accompanying annual report is consistent with  
the audited (consolidated) financial statements expressed in the auditor's report of  
the Group dated 27 January 2016 and provides fair presentation.

Our audit has been conducted in accordance with the Standards on Auditing which  
is a component of the Turkish Auditing Standards ("TAS") published by the POA.  
Those standards require that we comply with ethical requirements and plan and  
perform the audit to obtain reasonable assurance about whether the financial  
information included in the annual report is consistent with the consolidated financial  
statements and provide fair presentation. An audit also includes performing audit  
procedures in order to obtain audit evidence about the historical financial  
information. The procedures selected depend on the auditor's judgment. We believe  
that the audit evidence we have obtained is sufficient and appropriate to provide a  
basis for our audit opinion.


*Opinion*


In our opinion, the financial information included in the annual report is consistent, in all material  
respects, with the audited financial statements and provides a fair presentation.

*Report on Other Regulatory Requirements*

In accordance with the third clause of the article 402 of TCC, no material issue has come to our  
attention that shall be reported about the Group's ability to continue as a going concern in  
accordance with TAS 570 Going Concern.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member of KPMG International Cooperative

  
Funda Aslanoglu  
Partner  
26 February 2016  
İstanbul, Türkiye





# INDEX

## GENERAL ASSESSMENT

---

Company's Performance	5
Financial Indicators	6
Shares, Appraisal and Credit Rating	7
Message from The Chairman	8-9
Financial Leasing Sector	10-11
General Manager's Message	12-13
İş Leasing in The Sector	14-15
Activities	16-18

## MANAGEMENT

---

Company's Profile	20
Strategic Principles	21
Board of Directors	22-24
Executive Management	25-27

## CORPORATE GOVERNANCE PRACTICES

---

Brief Annual Report of The Board of Directors	29-31
Changes Within The Report Period	32
Company Risk Policies	33-34
Profit Distribution Policy	35
Disclosure Policy	36-40
Company Ethical Principles	41-47
Declaration of Corporate Governance Rules	48
Compliance Report on Corporate Governance Principles	49-70
Declaration of Internal Control Environment	71
Agenda of The General Assembly	72
Amended Draft of The Articles of Association	73-74
Profit Distribution Proposal	75
Board Decision Regarding Financial Statements	76
Audit Committee Decision	77

## FINANCIAL STATEMENTS

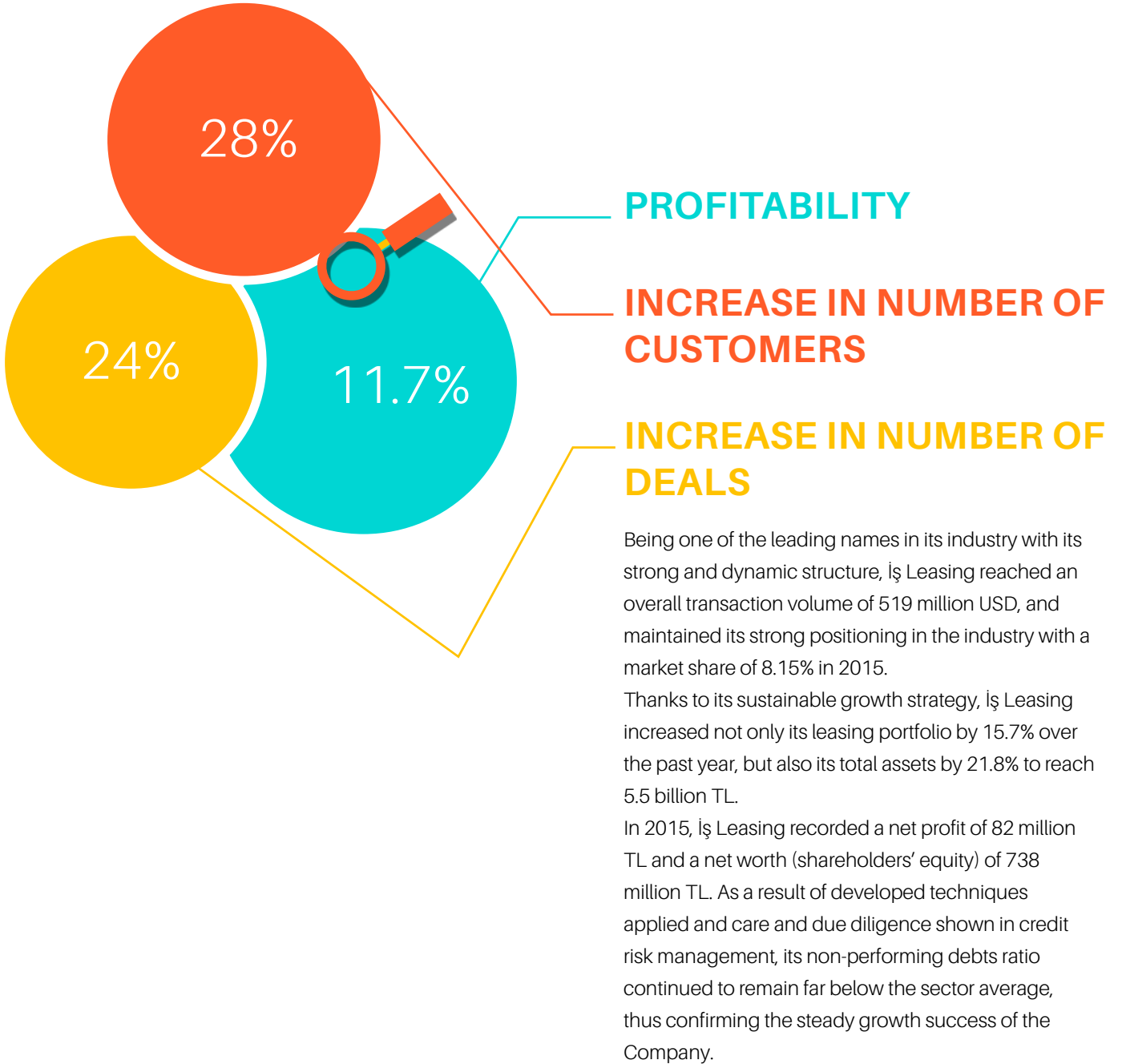
---

Independent Auditor's Report	79-81
Consolidated Financial Statements and Notes	82-160
Addresses	161



## GENERAL ASSESSMENT

## COMPANY'S PERFORMANCE



## FINANCIAL INDICATORS



With its dynamic and competent human resources, extensive service network, technological infrastructure, strong customer base, innovative products and services, developed risk management approach, superior corporate governance level and successful results, İş Leasing is positioned among the leading companies of its sector.

TL Million	2015	2014	Change (%)
TOTAL ASSETS	5.580.838	4.580.422	21.8
FACTORING RECEIVABLES	1.951.274	1.433.210	36.1
LEASING RECEIVABLES, NET	3.287.101	2.841.040	15.7
SHAREHOLDERS' EQUITY	738.408	666.819	10.7
<b>NET PROFIT / LOSS</b>	<b>82.003</b>	<b>78.486</b>	<b>4.5</b>
Return on Assets (ROA) %	1,6	1,9	
Return on Equity (ROE) %	11,7	12,4	
Debt to Equity	6,6	5,9	
Cost / Revenue (%)	37	44	



## SHARES, APPRAISAL AND CREDIT RATING



### SHARE PERFORMANCE

Under the decelerated growth conditions of global and national economies, İş Leasing continued to stand beside the investors with its strong and dynamic structure, and remained among the leading companies of its sector also in 2015 with its transaction volume and profitability.

Being publicly held since 2000 with 42.7% of its capital shares listed and traded in BIST, İş Leasing, with a daily average trading volume of 1,237,592 in 2015, continued to be an important indicator stock certificate of its sector. Continuing to offer the best service experience to its customers with its dynamic and competent human resources, customer-oriented approach, high service quality, transparent management approach and top level corporate governance practices and applications, İş Leasing is standing as an assertive and strong corporation of good reputation in its sector.



### CORPORATE GOVERNANCE

Adopting fair, transparent and consistent management principles and maintaining its communication and interaction with its stakeholders on the basis of honesty, transparency, fairness, accountability and responsibility principles, İş Leasing is implementing and continuously developing the best corporate governance practices. Rated 9.20 over 10 in 2015 by SAHA Rating as a part of corporate governance rating, İş Leasing is included in both BIST Corporate Governance Index and World Corporate Governance Index (WCGI).



### CREDIT RATINGS

With its credit ratings renewed every year as a requirement of principles of transparency and commitment of corporate governance principles, İş Leasing is rated AA+ in national credit rating and BBB- in foreign currency credit rating by Fitch Ratings in 2015. Through these credit ratings at investable level, our Company's credit reliability is independently confirmed.

Foreign Currency			Turkish Lira			National		
Long-Term	Short-Term	Outlook	Long-Term	Short-Term	Outlook	Long-Term	Short-Term	Outlook
BBB-	F3	Stable	BBB-	F3	Stable	AA+ (tur)	Stable	2





## MESSAGE FROM CHAIRMAN



With its stable and sustainable growth strategy, and effective risk and portfolio management policies, İş Leasing has completed the year 2015 with a successful performance.

NET  
PROFIT  
82  
MILLION TL

Dear Stakeholders,

In 2015, global economic growth has maintained its moderate growth, but could not reach a strong and steady appearance. Continuing deceleration in Chinese economy, and low level of commodity prices, play an important role in the global economic agenda. Portfolio flows to the developing countries, also including our country, have shown a weak trend, while exchange rate volatility remained high in this period. In U.S.A., in spite of recovery in economic activity, as the inflation is below the target, and in the light of developments in global economy, the expectation that a significant interest rate increase will not be materialized in 2016 is gradually gaining momentum. In addition to the growth rate being lower than past years, the developing countries will be required to overcome the problems of liquidity shortage and high volatility caused by the distorted risk perception.

Much-debated and discussed issues of agenda of the Turkish economy in 2015 were devaluation of TL, low growth rate, increasing inflation, and probable impacts and reflections of FED's interest increase on the Turkish economy. The electoral process spread over a long period has also been effective on the deceleration in economic activity in 2015, and particularly under the effects of aforementioned global conditions, Turkish Lira has been





## MESSAGE FROM CHAIRMAN

**İş Leasing continued its asset quality and profitability oriented strategy, and its total assets reached 5.5 billion TL by an increase of 21.8% over the past year.**

exposed to a substantial devaluation, and our country has remained below its growth potential. The year 2015 is forecasted to be closed with a growth rate of 3%, and a strong performance is not expected in 2016. The fact that the government has revised its Medium-Term Plan targets, and reduced its 2016 growth forecast from 5% to 4%, and its 2017 growth forecast from 5% to 4.5%, indicates that the effects of global stagnation on our country will continue in medium-term.

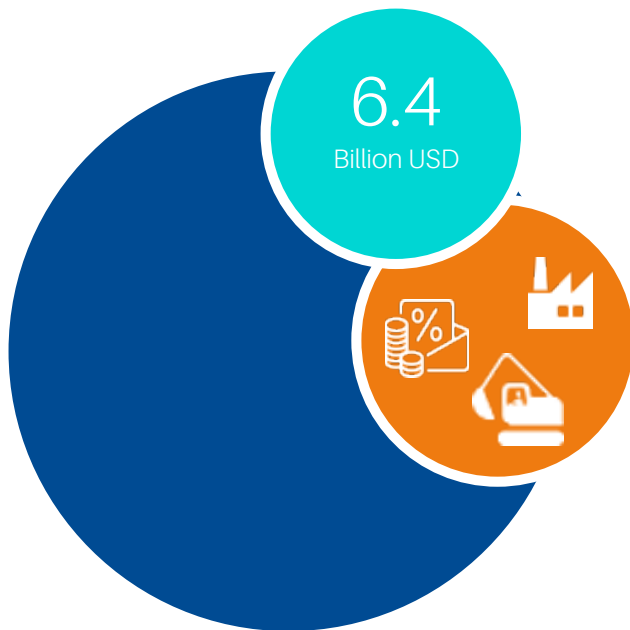
Under these conditions of deceleration in growth and increase in credit risks, our Company, thanks to remarkable efforts of all our employees, has recorded a selective growth, and maintained its asset quality and profitability oriented strategy, with its total assets reaching 5.5 billion TL with a rise of 21.8% over the past year, and its net leasing receivables reaching 3.3 billion TL with a rise of 15.7%. Focused on high added value projects and standing firm on service quality, our Company has shown a superior performance also in portfolio and risk management. Our Company has successfully closed the year 2015 taking sides with all investors adding value to our national economy, and we believe it will continue its steady growth also in 2016.

We are hereby presenting to your kind consideration and approval our 2015 activity report, financial statements and net profit distribution proposal prepared in strict compliance with the Capital Markets Law and other pertinent laws and regulations.

I, both in my own name and in the name of our Board of Directors, express my gratitude to all our business partners and customers giving support to our Company since its foundation, and to our employees playing an important role in our privileged services offered and in our outstanding success achieved.



## FINANCIAL LEASING SECTOR



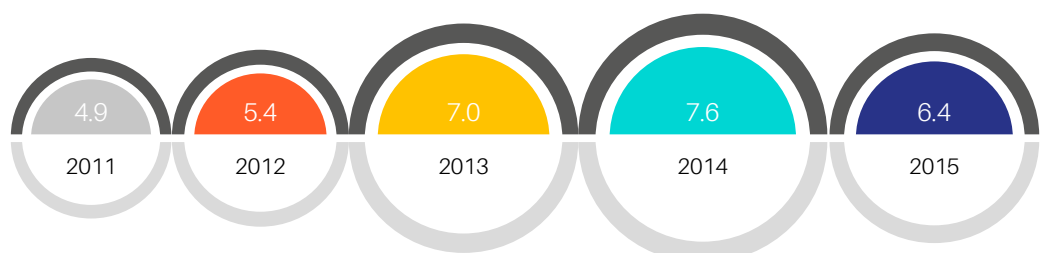
Shrinking in demand further deepening due to economic and political uncertainties has had its reflections in financial leasing sector in the form of fluctuations and fall in transaction volume.

Throughout 2015, fluctuations in global economy, uncertainties in national economy, rapid devaluation of TL, and regional geopolitical sensitivity have negatively affected the investment climate, and transaction volume of financial leasing sector was recorded as 6.4 billion USD with a decline of 17% as regards the past year.

In distribution of transaction volume by commodity groups, real properties accounted for 28%, machinery and equipment group for 24%, and heavy equipments and construction machinery for 21%. Popularization of sell and lease back product enabling the commercial enterprises to create funds over their existing assets was rather effective in this high share reached by real properties. The penetration rate showing the share in total investments of the financial leasing sector, which has so far mediated in investments of 75 billion dollars in total in its past of 30 years in Turkey, has declined from 6.9% in 2014 to 5.8% in third quarter of 2015.

The year 2015 was a productive year for profitability of the sector. In spite of profitability suppressed as a result of harsh competition in the market, the return on equity of the sector was 12.4% under the effects of the fall in the provisions for non-performing debts.

### Transaction Volume, sector (billion USD)

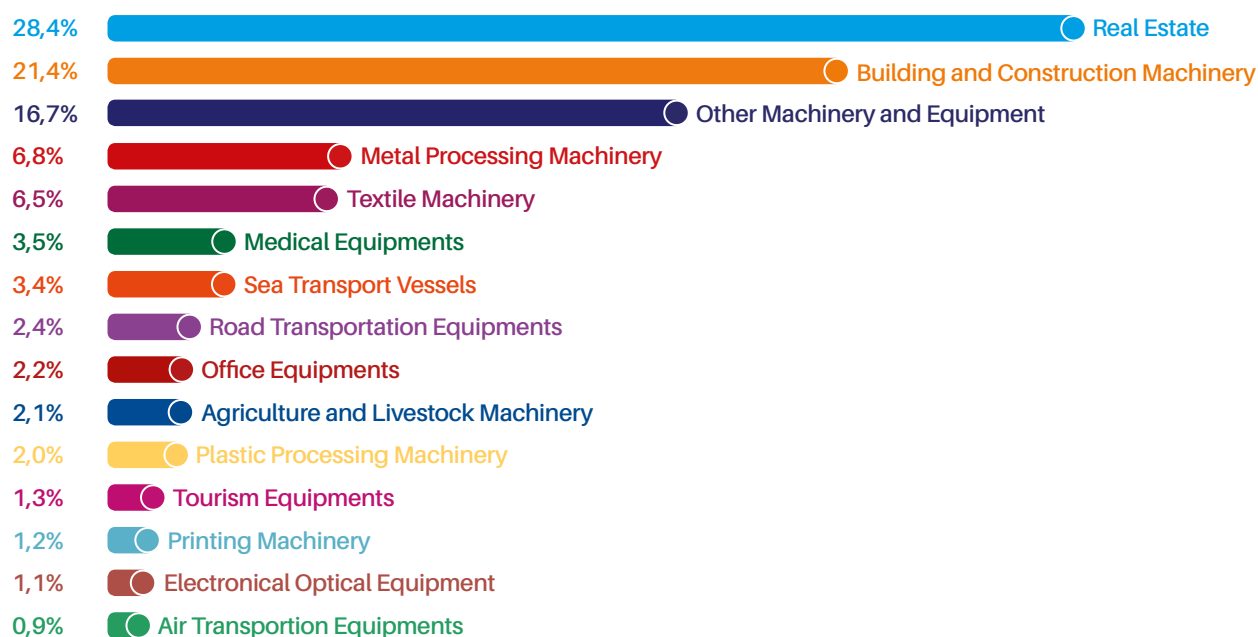


## FINANCIAL LEASING SECTOR

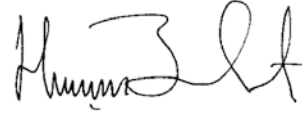
**Transaction volume of the sector was recorded as 6.4 billion USD with a decline of 17% as regards the past year.**

The financial leasing sector currently has a material growth potential, and its performance is closely related to and dependent upon economic stability and growth. With its penetration rate declining in spite of tax incentives provided to it, the financial leasing sector is expected to record a transaction volume of 6.5 billion USD in 2016, under the expectation that its transaction volume will also be depressed as a result of depression in investment appetite and limited growth expected in our country.

### DISTRIBUTION OF FINANCIAL LEASING TRANSACTIONS ACCORDING TO PRODUCT GROUPS (2015)



## MESSAGE FROM GENERAL MANAGER



Spreading its customer base by increasing its number of customers by 28% and its number of deals by 24%, İş Leasing maintained its strong position in its sector by successfully closing one more year with steady growth and profitability.

TRANSACTION  
VOLUME  
519  
MILLION USD

HASAN K. BOLAT  
General Manager

Dear Stakeholders,

Due to economic uncertainties caused by two successive general elections in our country, and fluctuations and surges in global economy, and substantial devaluation of Turkish Lira, and negative effects of these developments on economic growth, 2015 was a tough and difficult year for the financial leasing sector. The available conditions paved the way for postponement of investments and a constriction of 17% in transaction volume of our sector.

In spite of these negative conditions, İş Leasing continued to offer quick and top quality services to its customers, and create added value for its shareholders and stakeholders, and pioneer the sector, and advance in its market with its sustainable growth strategy.

Thanks to its strong capital base, and effective balance sheet and risk management strategies, İş Leasing has completed the year 2015 with a successful performance and recorded a net profit of 82 million TL. Its shareholders' equity reached 738 million TL, and its return on equity was 11.7%. As of the year-end of 2015, its consolidated total assets reached 5.5 billion TL with a rise of 21.8% over the past year, while its net leasing receivables reached 3.3 billion TL with a rise of 15.7%.



## MESSAGE FROM GENERAL MANAGER

**Thanks to its strong capital base, and effective balance sheet and risk management strategies, İş Leasing has completed the year 2015 with a successful performance and reached 738 million TL shareholders' equity.**

Offering extensive services with its 16 branches throughout Turkey, İş Leasing has paved the way for strong realization of projects of every size and every sector, thereby continuing to expand its customer base. With its number of customers increased by 28% and its number of transactions increased by 24% in 2015, İş Leasing has shown a good performance and differentiated itself with its outstanding service level in spite of the depressed profitability in the financial leasing sector which is an arena of harsh competition due to the narrowing market.

As a result of its cooperation with suppliers, the Company increased its weight in heavy equipments and construction machinery and production machines and equipments fields. İş Leasing continued its growth in energy investments area, and food, textile, healthcare, machinery & chemistry, manufacturing, tourism and construction sectors have come into prominence for İş Leasing in 2015. Our Company maintained its strong positioning in its sector thanks to privileged solutions offered to SMEs and success of growth together with them.

We hereby express our gratitude and respects to all our business partners, employees and investors, and particularly to our Board of Directors, due to their contributions to the successes achieved by our Company.



## İŞ LEASING IN THE SECTOR



**In addition to developing innovative products and privileged services and applications, İş Leasing further expanded its customer base.**

With its contributions to national economy through its extensive service network and funded investments, İş Leasing has completed the year 2015 with a successful performance through its risk and portfolio management policies being components of its customer satisfaction and loyalty-based service approach and its sustainable growth strategy.

With its competitive power based on its vision of development of innovative products and privileged services and applications fit to the developing trends, İş Leasing maintained its efficiency in marketplace through its high performance level.

Offering its service range to its customers through its 16 branches all over Turkey, and thanks to its customer relations management providing smart business processes and quick and effective solutions, İş Leasing has once more been effective on its customer base with an increase of 28% in number of customers and 24% in number of deals.

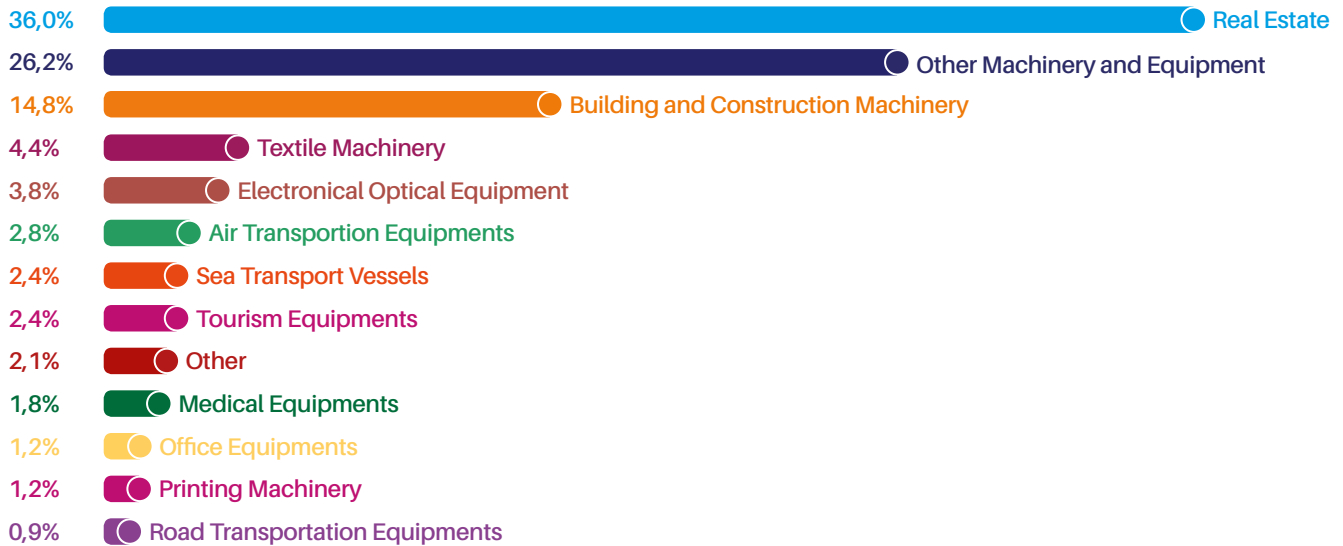
By creating fund sources in prioritized fields of business determined by itself, İş Leasing supported investments of every size and scale of investors from every sector. As a result of its cooperation with suppliers, the Company increased its weight in building and construction machinery and production machines and equipments fields. İş Leasing continued its growth in energy investments area, and food, textile, healthcare, machinery & chemistry, manufacturing, tourism and construction sectors have come into prominence for İş Leasing in 2015.

İş Leasing maintained its strong positioning in its sector thanks to its flexible infrastructure quickly keeping pace with developments and trends, and particularly its privileged solutions offered to SMEs, being the cornerstones of economy, and its success of growth together with them.



## İŞ LEASING IN THE SECTOR

## 2015 SECTORAL DISTRIBUTION



## 2015 EQUIPMENT DISTRIBUTION





## ACTIVITIES



### SERVICES

**Continuously expanding customer base, solutions and privileged services creating the difference**

With its flexible infrastructure quickly keeping pace with developments and trends, and its value-added products and services, and its privileged solutions offered to and its business models developed for customers in line with their expectations, İŞ Leasing maintained its success in its sector in 2015 as well.

In 2015, aiming to grow with its distinguished solution approach, extensive service network and privileged services offered through its expanded customer portfolio, İŞ Leasing has taken steps towards customer satisfaction by increasing its capacity and efficiency with its pioneer technologies integrated to its innovative products and services.

Offering its service range to its customers through its 16 branches all over Turkey, İŞ Leasing has further expanded its customer base thanks to its extensive and effective service network, smart business processes, and customer relations management offering quick and efficient solutions.

The Company has created a difference in customer satisfaction with its approach creating added value by providing needs-based privileged financial leasing services to firms operating in various different market segments, sensitive towards changes, and highly in need of effective use of sources.



### PORTFOLIO

**Effective risk management and portfolio of good quality**

Effectively managing its portfolio risk distribution thanks to its developed risk management systems and established risk culture, İŞ Leasing has maintained its strong positioning in its sector with its high portfolio quality and its rate of non-performing debts below the sector average.

With its effective and quick solutions offered through its extensive service network throughout Turkey, the Company has paved the way for extensive geographical distribution and sectoral diversity in its portfolio.

With its number of customers increased by 28% and its number of transactions by 24%, portfolio of the Company is comprised of a wide range of İŞ Bank customers and other currently existing customers. İŞ Leasing regularly adds new commercial enterprises to its portfolio through its services creating the difference, and accordingly, product diversity is assured with leased equipments of a wide range.





## İŞ FACTORING

Founded in 1993 as one of the first factoring companies of Turkey, İş Faktoring A.Ş. is offering factoring services to its customers in domestic and international markets through financing, guarantees and collections. As a member of Factors Chain International (FCI), the Company gives support to international factoring transactions of its customers through its extensive network of correspondents. İş Faktoring A.Ş. is one of the important players of the sector with its sectoral experience and experienced staff.

Having completed the year 2015 with a turnover of 6,647 million TL, total assets of 1,979 million TL, and a balance of factoring receivables of 1,946 million TL, İş Faktoring has recorded a net profit of 24 million TL. In its ratings report of 16 June 2015, Fitch Ratings has rated the long-term foreign currency rating and national credit rating of İş Faktoring as BBB-, and its outlook rating as stable.



## INFORMATION TECHNOLOGIES

**Products and services making a difference with contemporary technological infrastructure, and effective and efficient business processes**

Offering distinctive services to its customers through its technological infrastructure reflecting the most recent innovations, İş Leasing continued its technology investments in 2015, and realized projects aiming to make the business processes more effective and efficient.

Business Intelligence platform, implemented in 2015, does not only assure instant access to all kinds and types of desired data and analyses of every description, but also ensures access to trends in work flows and to forward-looking projections, and mediates more effective use of data for managerial decisions.

Another important project implemented in 2015 was WEB platform project which enabled the Company's field team and customers to have access to the relevant components and to execute deals via internet. The project to be further developed in such manner to enable the customers and suppliers to execute deals via web platform will be continued throughout 2016.

After-sales Services and Emergency Center are two important components of customer-oriented service approach of İş Leasing. After-sales Services Unit, providing its services through a call center infrastructure and aiming to perpetuate the customer satisfaction, is an important point of service for after-sales support demands of customers. Emergency Center, equipped with the most recent technologies, provides an assurance of being able to provide 7/24 continuous services to all customers under all and any conditions whatsoever.



## ACTIVITIES



## HUMAN RESOURCES AND TRAINING

**The steadily growing and strengthening corporate structure is based on qualified human resources and continuous development**

Basic purposes of human resources strategy of İş Leasing are to direct and guide as effectively as possible its human resources, considered as its most valuable asset, and to create professional development opportunities therein for. Strategies developed by taking into consideration that steady growth and development of the Company cannot be independent from development of its human resources are continued to be implemented in 2015 as well.

To this end, the Company continued to take steps towards providing the employees with platforms for self-expression, and encouraging in-house development and motivation, and offering development opportunities for enrichment and diversification of points of view, and creating a corporate climate convenient for support of cooperation.

In 2015, initiatives aimed at increasing the experience and competence levels of newly recruited human resources, and protecting the existing strategic staff members, and providing them with the required training are continued.

As of the end of 2015, number of employees increased to 143, and portfolio size per employee and profitability per employee are also increased.

In the light of results of the Employee Satisfaction Survey conducted in 2015, the Employee Committee is started, and in the meetings held with participation of representatives from all departments and divisions, the Company's human resources practices, and employee motivation, and improvement suggestions are discussed, and the results are reported to the Top Management. The Employee Committee initiative, adopted by all employees, will be regularly continued.





MANAGEMENT

## COMPANY PROFILE



**İş Leasing paves the way for investments with its innovative solution approach, extensive service network and customer-oriented services.**

İş Leasing is one of the first leasing companies founded as a result of enactment of the Financial Leasing Law in 1985. It is founded in Istanbul on 9 March 1988 through partnership of Türkiye İş Bank group with IFC, a World Bank institution, and with French Société Generale group. Bringing many innovative products such as leasing syndication, aircraft leasing finance and sell and lease back to the sector newly developing and emerging in 1990s, İş Leasing has assumed a pioneer role in development of leasing sector in our country.

In 1995, after acquiring all capital shares of its foreign partners, Türkiye İş Bank group has further speeded up the activities of İş Leasing. After going public in March 2000, 42% of İş Leasing capital shares are presently listed and traded in Borsa İstanbul with ISFIN code, while the remaining 57% of shares belong to Türkiye İş Bank group. Management control of İş Leasing is entirely in the hands of Türkiye İş Bank group. With its sustainable profitability performance, the Company continues to be a reliable investment choice for long-term savings of both small investors and institutional mutual funds.

**With its strong and dynamic structure, İş Leasing is a stabilized, pioneer and reliable actor in the market.**

Shareholders	Shares (%)
Halka Açık	42.67
Türkiye Sınai Kalkınma Bankası A.Ş.	28.56
Türkiye İş Bankası A.Ş.	27.79
Camiş Yatırım Holding A.Ş.	0.83
T. Şişe ve Cam Fab. A.Ş.	0.08
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0.07



## STRATEGIC PRINCIPLES



**Customer-oriented, innovative and effective service and management approaches lie at the bottom of ideal financing solutions and strong investments.**

### **Products and services creating the difference for needs of customers**

- Innovative products and high service quality
- Privileged solutions designed specifically for customer needs
- Smart business processes creating the difference in customer satisfaction
- High competence, experience and execution capacity
- Extensive and productive service network
- Customer relations management offering quick and effective solutions

### **Continuity of smart and privileged services with technological infrastructure investments**

- Continuously developing unique technological infrastructure
- Fast, productive and effective hardware and software solutions, a first in the sector, developed with full integration philosophy

### **Competent human resources orientedness**

- Applications increasing competence and productivity of human resources
- Human resources policies focused on employee satisfaction
- Performance based objective assessment

### **Sustainable growth and profitability**

- Sustainable and profitable growth focused on main fields of business
- Strong asset quality
- Developed assessment and measurement infrastructure
- Proactive control system and effective risk management

### **Efficiency in resource management**

- Effective and efficient use of capital
- Appropriate funding ability through high credibility
- Extensive resource and product diversity
- Maturity and risk management fit to assets



## BOARD OF DIRECTORS



### **SUAT İNCE** *(Chairman)*

Born in Ankara in 1965, Mr. İnce is a graduate of Division of Economy of 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 Middle East Technical University, 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. He is appointed as Gebze Corporate Branch Manager in 2015. Mr. Gürsoy is a member of Board of Directors of İş Leasing since 14 October 2009.



### **BURAK AKGÜÇ** *(Member)*

Burak Akgüç was born in Istanbul in 1964 and graduated from the Department of Political Science, Boğaziçi University. Mr. Akgüç joined TSKB in 1991 as a Specialist in the Financial Analysis Department. After serving in a variety of positions, he was appointed as the Head of the Loan and Investment Department in 2001. He is appointed as Deputy General Manager in 2005 and is currently responsible for the Corporate Marketing and Project Finance Divisions.



### **Prof. Dr. M. HAKAN BERUMENT** *(Independent Member)*

Born in 1965, Mr. Berument is a graduate of Division of Economy of Middle East Technical University. 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.





## BOARD OF DIRECTORS

**Prof. Dr. M. 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 academican 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** *(General Manager/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.

**SONER BENLİ** *(Member)*

Born in 1969, Mr. Benli is graduated from London City University Business School Msc, Banking and Finance Department. After starting his career as assistant inspector in Türkiye İş Bank in 1994, Mr. Benli is appointed as Vice Manager in Risk Management Department of Türkiye İş Bankası A.Ş. in 2002, and as Group Manager in the same department in 2006. Thereafter, Mr. Benli is appointed as Commercial Credits Allocation Department Unit Manager in 2007, and as Credit Risk Management and Portfolio Monitoring Department Manager in 2010. He is is appointed as Head of Retail Credits in the Underwriting Department in 2012. Mr Benli is currently working as Head of Retail Credits in the Underwriting Department.

**BAHATTİN ÖZARSLANTÜRK** *(Member)*

Born in 1971, Mr. Özarslantürk is a graduate of Division of English Management of İstanbul University. Starting his job career as an assistant credit specialist in Türkiye İş Bank Zincirlikuyu Branch in 1994, Mr. Özarslantürk is appointed to Accounting Department in 2000. Mr. Özarslantürk has served in Risk Management Department between 2001 and 2002, and as a credit specialist in Corporate Credits Department in 2002, and is appointed as assistant manager in 2002. He has served as Regional Manager in Corporate Credits Department in 2006, and as Branch Manager in Hadımköy Commercial Branch, and as Branch Manager in Güneşli Corporate Branch, and is appointed as Commercial Credits Underwriting Department head in 2013. Mr. Özarslantürk is currently working as Head of Commercial Credits Allocation Department.



## BOARD OF DIRECTORS

**O. TUFAN KURBANOĞLU** (Member)

Born in 1971, Mr. Kurbanoğlu is a graduate of Division of Public Management of Middle East Technical University. Starting his job career as an inspector in Türkiye İş Bank in 1993, Mr. Kurbanoğlu is appointed as Vice Manager in Corporate Credits Monitoring and Follow-up Department in 2002. Mr. Kurbanoğlu has served as vice manager between 2002 and 2006, and as Regional Manager in Retail Credits Monitoring and Follow-up between 2011 and 2014, and is appointed as Commercial and Corporate Credits Monitoring and Follow-up Department head in 2004. Mr. Kurbanoğlu is currently working as Head of Commercial and Corporate Credits Monitoring and Follow-up Department.

**Z. HANSU UÇAR** (Member)

Born in 1971, Ms. Uçar is graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. After starting her career as an Assistant Investment Expert in Subsidiaries Department of Türkiye İş Bankası A.Ş. in 1994, Ms. Uçar has worked in managerial posts in charge of various different group companies in the same department, and is working as the Subsidiaries Department Manager since 2015. Serving as a Member of Board of Directors in various group companies of Türkiye İş Bankası A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2004, Ms. Uçar works as a Member of Board of Directors of İş Finansal Kiralama A.Ş. as well since 30 July 2013, and is at the same time a member of Risk Management Committee and Corporate Governance Committee therein.

**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.



## EXECUTIVE MANAGEMENT



**NİDA ÇETİN** *(Deputy General Manager, Financial Management, Treasury & Financial Institutions, Human Resources, Information Technology, Investor Relations)*

Mrs. Cetin was born in 1971 and holds a BA degree in business administration from Middle East Technical University. Starting her career in 1993 at Coopers & Lybrand as an auditor, Mrs. Cetin served as financial controller between 1996-1997 at Bausch & Lomb. Having joined İş Leasing in 1997, Mrs. Cetin has held positions including financial controller and group manager of finance, and has been serving as assistant general manager since 2000.



**DİLEK KORKUT** *(Assistant General Manager, Marketing, Sales, Purchasing, Operation)*

Mrs. Korkut was born in 1970 and holds a BA degree in business administration from Marmara University. Starting her career in 1991 at TYT Leasing, Mrs. Korkut joined İş Leasing in 1992 and has held various positions, including marketing manager and marketing group manager. Mrs. Korkut has been serving as assistant general manager at İş Leasing since 2006.



**BANU ALTUN** *(Assistant General Manager, Credits, Risk Follow-up, Legal)*

Mrs. Altun was born in 1972 and is a graduate of economics (english) from Marmara University. Mrs. Altun joined İşbank in 1994 as assistant specialist, was appointed as assistant manager in the corporate credits department in 2002, as manager of the corporate credits assignment department in 2007. Mrs. Altun has been serving as assistant general manager at İş Leasing since 2010.



## EXECUTIVE MANAGEMENT

**ESMA TOKER***(Sales Manager)***ONAN KELEŞ***(Treasury & Financial Institutions Manager)***SERKAN SIRAK***(Credit Manager)***A. BERRİN AKÇAL***(Credit Manager)***NESLİHAN ORUÇ***(Financial Management Manager)***R. SEMİH NABİOĞLU***(President of Internal Audit)***BURAK KARSLI***(Operation Unit Manager)***PINAR SÖZEN***(Purchasing Manager)*

## EXECUTIVE MANAGEMENT



**ONUR TUFAN**  
(Risk Monitoring Manager)



**NURAN GÜNEŞ**  
(Legal Counsel)



**DIĞDEM ERKAN**  
(Human Resources & Administration Unit Manager)



**ALTAN İYİĞÜN**  
(Marketing Manager)



**SEYİTHAN AYVAZOĞLUYÜKSEL**  
(Legal Affairs Manager)



**A. MURAT YILDIRIM**  
(Information Technologies Unit Manager)





## CORPORATE GOVERNANCE PRACTICES

## BRIEF ANNUAL REPORT OF THE BOARD OF DIRECTORS

### **The analysis and assessment of the Board of Directors with regard to financial situation and operating results, and degree of realization of the scheduled activities and operations, and situation of the Company against the established strategic goals:**

In 2015, with its transaction volume of 519 million USD, and its market share of 8.15%, İş Leasing maintained its strong positioning in the sector. Having increased its leasing portfolio by 15.7% over the past year, the Company further increased its total assets by 21.8% to 5.5 billion TL. With a net profit of 82 million TL in 2015, the Company recorded a return on equity of 11.7%. As a result of developed techniques applied and care and due diligence shown in credit risk management, the Company's non-performing debts ratio continued to remain far below the sector average, and was recorded as 4.3%. In 2015, by issuing bonds of 722 million TL in total in domestic bond market, and by diversifying its fund sources through borrowing new finances of 230 million USD in total from reputable domestic and foreign credit institutions, İş Leasing continued its effective and efficient policies aimed at extending the maturities of funds borrowed. Aiming to grow in a disciplined manner, the Company acts selectively in growth in order to effectively and efficiently manage the profit margin pressure increasing as a result of competition, and does not compromise on its strategy of covering the public in its transaction volume, and of creating a portfolio of good quality.

### **Determination and assessment as to whether the capital of the Company is actually depleted or whether the Company is deeply in debt or not:**

As of the end of 2015, capital of the Company is 530,3 million TL, and we have no finding showing, and are not of the opinion, that the capital of the Company is actually depleted or the Company is deeply in debt.

### **Whether the targets determined in the past periods have been reached or not, and whether the general assembly decisions have been performed or not, and if not reached or performed, the reasons thereof, and assessments:**

In 2015, the Company has recorded operating results in tandem with its strategic goals thanks to its dynamic balance sheet management and by focusing on sustainable growth strategies.

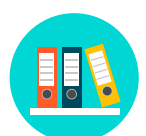
All decisions taken in the General Assembly meetings in the past period have been performed.

### **Information on direct or indirect subsidiaries of the Company and its shareholding rates:**

Information on direct or indirect subsidiaries of the Company and its shareholding rates are presented in details in the footnote no. 9 of financial statements.

### **Information on donations and grants made during the year:**

Donations and grants made by the Company in 2015 are 350 TL.





## BRIEF ANNUAL REPORT OF THE BOARD OF DIRECTORS

**Lawsuits which are brought forward against the Company, and may affect its financial situation and activities, and probable results thereof:**

During the period, the Company has been involved in many lawsuits as the defendant side as a part of its ordinary activities. Accordingly, there exists no legal action or legal proceedings which are not disclosed in footnotes of consolidated financial statements or for which the required provisions and reserves are not set aside and which may make material adverse effects on the financial situation or operating results of the Company.

**Transactions of the controlling shareholders, directors, top echelon executives and their spouses and blood relatives and relatives by marriage up to second degree with the Company or its affiliates, which may cause conflicts of interests with the Company or its affiliates:**

None.

**Opinions and comments of the Board of Directors regarding internal control system and internal audit activities:**

Internal control system of the Company covers control and monitoring activities developed by the executive management in order to ensure that the daily operations of the Company are carried out effectively and efficiently within the frame of the established policies, guidelines and limits, and aims to establish a structure ensuring that the control culture is adopted and maintained throughout the Company.

On the other hand, internal audit system of the Company covers the inspection, auditing and reporting processes carried out independently from the executive management in order to ensure that all operations and activities, also including internal control and risk management, are performed in accordance with the policies, strategies and goals, and that the Company assets are protected and maintained.

Our Board of Directors has assigned the Audit Committee for supervision, assessment and direction of initiatives and works within the scope of internal control and internal audit activities. Internal Audit, Internal Control and Risk Management Units, reporting to the Board of Directors through the Audit Committee, ensures that risk culture is created, developed and improved throughout the Company through its risk-based audit approach. The Audit Committee of the Company periodically assesses the efficiency of internal control system and the results of internal control activities through internal audit reports prepared and issued by the Internal Audit, Internal Control and Risk Management Units, and shares with the Board of Directors its proposals and suggestions on the actions required to be taken with respect to the findings of the said reports.

**Explanations on administrative and juridical sanctions imposed on the Company and members of its managerial body due to practices and acts in conflict with the laws:**

None.



## BRIEF ANNUAL REPORT OF THE BOARD OF DIRECTORS

**Information on private audits and public audits conducted during the accounting period:**

During 2015 accounting period, the Company has been subject to a limited independent audit as of 30.06.2015, and to an independent audit as of 31.12.2015 by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Furthermore, as a requirement of full certification of corporate tax, the Company's financial statements have been subject to tax audit in quarterly periods by DRT Yeminli Mali Müşavirlik A.Ş.

**Legal transactions and actions performed with the parent company, or an affiliate of parent company, in favor of the parent company or any affiliate thereof under direction of parent company; and all other measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in the past activity year; and according to the conditions and circumstances known by them as of the time the legal transaction is performed or the measure is taken or is avoided to be taken, whether an appropriate counter-obligation is provided in each legal transaction or not, and whether the measure taken or avoided to be taken has caused damages to the company or not, and if the company has incurred damages, whether such damages are offset and balanced or not:**

There exists no legal transactions and actions performed with the parent company of the Company, or an affiliate of parent company, in favor of the parent company or any affiliate thereof under direction of parent company; and no measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in the past activity year.

**"Conclusion" section of the Affiliation Report:**

During 2015 activity year, within the frame of the relevant provisions of the Turkish Commercial Code, our Company is affiliated to the group of companies of T. İş Bankası A.Ş. Pursuant to article 199 of the Turkish Commercial Code, our Company's Board of Directors has incorporated the following statement in its affiliation report issued about its relations with its parent company and with affiliates of its parent company: "With respect to all transactions performed by the Company and its parent company and the affiliates thereof during the activity year of 01.01.2015 – 31.12.2015, to the best of its knowledge, all legal transactions and actions performed in favor of the parent company or any affiliate thereof under direction of parent company, and all measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in 2015 activity year have been considered and evaluated. We hereby declare that our Company has not incurred damages due to a transaction conducted in 2015 within the knowledge of the Company."



## CHANGES WITHIN THE REPORT PERIOD

### Increase in the Share Capital

The paid-in capital of the Company has been increased from TL 461,503,000 to TL 530,302,645, with a portion of TL 68,799,645 funded by 2014 profit shares allocated in the form of share certificates in line with the 2014 yearly profit distribution proposal approved by shareholders in the Annual General Assembly held on 24 March 2015, and distribution of the bonus shares have been completed on 08 June 2015, the capital increase processes have been completed on 10 June 2015.

### Annual General Assembly Held Within the Period

The Company's 2014 Annual General Assembly has been held at the address of İş Kuleleri, Kule 1 Kat:41 4.Levent / İstanbul on 24 March 2015. Ordinary General Assembly Meeting of 2014 was held with the presence of the shareholders representing 600,000,000 Group A and 26.903.773.924 Group B shares from 46.150.300.000 shares corresponding to the Company's total equity of TL 461,503,000.

In the meeting, the motions filed by the shareholders with respect to the agenda topics have been approved in unanimity.

### Profit Distribution

According to the Profit Distribution Table submitted by the Board of Directors and approved by the General Assembly of Shareholders within the framework of the Decision No. 2230 and dated 26.02.2015 of the Company's Board of Directors, it has been resolved that the shareholders be distributed as first dividend in the form of bonus share the whole of the sum 68.800 thousand TL, which is calculated based on the Company's distributable net profit of the year of 74.866 thousand TL as found by deducting the statutory primary reserve of 3.621 thousand TL, which is calculated based on the profit figure of 72.421 thousand TL included in the statutory records of the Company, from, and adding the donation of 1 thousand TL made during the year to the Company's net profit of the year of 78.486 thousand TL, which is taken as the basis of the profit distribution in accordance with the Capital Markets Laws and Regulations; a cash dividend of 15.00 thousand TL be distributed as cash dividend from the Company's extraordinary reserves; the deferred tax expenses of 9.490 thousand TL as included to the Company's consolidated net profit of the year be transferred to the extraordinary reserves account after being deducted from the deferred tax reserves which is consisted of the Company's undistributed tax revenues in the previous periods; the distribution of the shares to be deposited as profit share be started after the approval of the issue certificates for the referred shares by the Capital Markets Board; and the cash dividend distribution be completed until 31.03.2015. Distribution of the cash dividends has been completed on 30.03.2015, and distribution of the bonus shares has been completed on 08.06.2015.

### Changes in Articles of Association

During the period of 01.01.2015 – 31.12.2015, no amendment has been made in the Articles of Association, and in the course of increase of our Company's share capital from TL 461,503,000 to TL 530,302,645, Article 6 "Capital and Types of Shares" of our Company's Articles of Association has been amended, and these amendments have been registered on 10.06.2015.



## COMPANY RISK POLICIES

### Credit Risk

#### Overall Principles Regarding the Credit Risk Management Process:

1. The procedures and standards regarding transactions causing credit risk are set down in writing and announced to all employees concerned. As a general principle, the procedures and standards are reviewed at least annually and updated when needed.
2. Transactions causing credit risk with counterparty exposure must be conducted so as not create a concentration and be characterized as “well-diversified” by considering the level of risk. For this purpose, credit risk is monitored by criteria such as counterparty, collateral, sector, maturity and currency.
3. The credit worthiness of the counterparty is assessed by concrete data. For this purpose, a rating and/or grading system has been established and is used as a decision-supporting tool. A satisfactory performance of the counterparty with regard to liabilities is not based on the liquidity of collateral as a principle.
4. In transactions causing credit risk, the standards for acquiring collateral from the counterparty is determined in writing. The types of collateral to be obtained must be in conformity with regulations, conducted activities, market conditions and the essence of this policy.
5. Signs of complications observed in all variables that might hinder the counterparty in the fulfillment of its liabilities and which are both systemic and unique to the debtor, are evaluated as early warning signals. To fulfill this purpose, credit risk is monitored closely by the Board of Directors.

Problematic assets should be transformed into normal assets in a short period of time by judgment of efficiency. The economic value of the asset in question must be more than the resource to be allocated for this purpose.

### Market Risk

#### Overall Principles Regarding the Market Risk Management Process:

1. Transactions performed in money and capital markets must be conducted so as not to cause a concentration of parameters such as instrument, maturity, currency, type of interest accrual and be characterized as “well-diversified” by considering the level of risk. As part of diversification, parameters such as maturity, monetary unit, etc. are monitored to avoid concentration.
2. Monitoring of the credit worthiness of issuers of financial instruments causing market risk is given particular importance. In this context, the issuer should hold an “investment grade” level rating from a credit risk rating organization or must be at the “healthy” category in internal ratings.



## COMPANY RISK POLICIES

## Liquidity Risk

### Overall Principles Regarding the Liquidity Risk Management Process:

1. The primary priority is the compliance of the firm's liquidity risk to the limits set down in legislation and conformance of this risk with the basic strategies of the firm.
2. In order to maintain efficiency and sustainability in liquidity management, a range of available funds, markets, instruments and maturities must be utilized for maximum diversification.
3. In managing liquidity risk, a portfolio structure is formed to derive profit from and comply with market risk management functions, and a risk-return balance is consistently monitored without compromising liquidity requirements.
4. The firm prepares and applies an Emergency State Action and Funding Plan for extraordinary periods.

## Operational Risk

### Overall Principles Regarding the Operational Risk Management Process:

1. Within the firm, there is a business continuity plan approved by the Board of Directors that displays the continuity of activities in the event of extraordinary conditions, minimizing monetary and reputational loss, clearly defining the duties and responsibilities of employees in such situations, the priority of activities and the manner in which these activities will be carried out. The functionality of the plan is reviewed regularly and results are reported to the Board of Directors. Required actions are taken with respect to non-functional issues.
2. The firm must reserve and back up important documents and information apart from the regular field of activity in a safe location.
3. Operational risks must be assessed in terms of the probability of occurrence as well as the level of the effect in the event of occurrence, and necessary measures must be taken.
4. The firm systematically monitors and reports core operational risk indicators and loss data and implements the necessary measures.



## PROFIT DISTRIBUTION POLICY

Principles as to profit distribution of our Company are set down in Article 26 of the Articles of Association.

Distribution of profit in our Company is decided by the General Assembly of Shareholders in line with proposals of the Board of Directors by considering the provisions of the Turkish Commercial Code, the Capital Markets Law and other laws and regulations applicable on our Company.

As profit distribution policy, it is contemplated that at least 30% of the distributable profit will be distributed in the form of cash dividends and/or dematerialized shares, providing that there exists no setback in the global and national economic conditions, and the Company's financial standing and capital adequacy ratios are at the specified levels.

Cash dividend payments are effected by no later than the end of second month following the date of meeting of the General Assembly of Shareholders where the profit distribution decision is taken. Profit share distribution in the form of bonus shares is effected upon receipt of legal permissions and licenses.

Our capital does not contain any share privileged in terms of profit shares.

No founder's jouissance shares are issued, and no profit share is paid to our Directors and employees. The Company may distribute profit share advances to its shareholders within the frame of provisions of relevant article of the Capital Markets Law. The provisions of the relevant legislation are complied with in calculation and distribution of profit share advances.



## DISCLOSURE POLICY

### General Framework of the Disclosure Policy

Our company provides all relevant financial information as well as other explanations and disclosures in line with the provisions of Law no. 6361 on Financial Leasing, Factoring And Financing Companies regulations pursuant to this law, the Capital Market Board legislation, the Turkish Commercial Code and the regulations governing the Exchange İstanbul where our stocks are traded. Bearing in mind generally accepted accounting principles as well as corporate governance principles, we pursue a comprehensive policy to provide information to the public at large.

The underlying goal of the disclosure policy is to ensure that shareholders, investors, employees, clients, creditors and other interested parties are provided access to the necessary information and explanations – with the exception of those related to trade secrets – in a timely, accurate, complete and comprehensive fashion, under equal conditions and as easily and inexpensively as possible.

Our company has actively adopted corporate governance principles, and in the context of informing the public, it exerts utmost effort to implement the requirements of the applicable legislation and international best practices. The İş Finansal Kiralama A.Ş. Disclosure Policy, which has been prepared with this aim in mind, has been put into effect upon approval by the Board of Directors. Modifications to the Disclosure Policy are disclosed to the public after approval by the Board of Directors. A current version of our Disclosure Policy is provided at our website.

### Authorization and Responsibility

The Board of Directors is responsible for the supervision, monitoring and development of company's information policy. A Corporate Governance Committee consisting of three board members has been formed to monitor our company's compliance with corporate governance principles and provide suggestions to the Board while the Investor Relations Unit has been mandated to coordinate the information function.

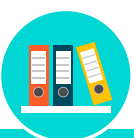
### The Investor Relations Unit

Our company has formed an Investor Relations Unit with the aim of establishing relations with our shareholders in a regulated fashion and efficiently responding to investor requests. The operations of the unit are been regularly reported to the Board of Directors and the Corporate Governance Committee.

### Means and Methods in Disclosing Information to the Public

The methods and means used in informing the public within the framework of the Financial Leasing Legislation, the Capital Market Legislation, the Turkish Commercial Code and other concerned legislations are described below:

- Financial statements are prepared quarterly on a consolidated basis in accordance with International Accounting Standards and Turkey Accounting Standards as required by the Capital Market Board (CMB) including related footnotes and explanations as well as the independent audit report. These are sent to the Public Disclosure Platform (PDP) within legal time limits and are published on our company's website. Financial statements are also translated into English and published on the website.





## DISCLOSURE POLICY

- Financial statements prepared according to International Accounting Standards are also sent quarterly to the Financial Leasing Association (FIDER).
- Unconsolidated financial statements prepared according to International Accounting Standards and related information are also sent quarterly to Banking Regulation and Supervision Agency (BRSA), which are published as aggregated (Total Industry) on the BRSA website.
- Information on special circumstances required in the Capital Market Board (CMB) legislation is sent to the Public Disclosure Platform (PDP) within the required time limits. As a company policy, the disclosures of special circumstances are signed by the Assistant General Manager responsible from finance and the Accounting Manager; however should these be not in the office, they are being signed by responsables to be determined by the General Manager and submitted to the PDP. Disclosures of special circumstances are submitted to electronically reported under PDP system. Within 1 business day after the information is disclosed to the public, disclosures of special circumstances are published on our website and are accessible for further 5 years.
- Appropriate announcements are sent to the Commercial Registry Gazette and to daily newspapers in the event of changes to the articles of association, of meetings of the General Assembly, or capital increases.
- Our regular general assembly meetings are held within legal time frames every year and all activities performed to ensure the participation of shareholders to the general assembly are documented. The information regarding general assembly meetings is provided under our website [www.isleasing.com.tr](http://www.isleasing.com.tr), to facilitate direct access of all shareholders. Starting from the date of invitation for general assembly, the annual report, financial statements and notes, profit distribution proposal, information memorandum prepared on relevant items of agenda of the general assembly, other relevant documents regarding agenda items, current articles of association, proposal on amendments of articles of association with explanation are provided for the scrutiny of our shareholders at our headquarters.
- Quarterly Operations Reports are prepared in accordance with Capital Market Board (CMB) legislation and corporate governance principles and upon approval of Board of Directors, submitted to PDP and published at our website. Company Annual Report, prepared every year prior to the General Assembly in both Turkish and English in a manner to include any relevant information and explanations is made available to shareholders and published on our website at ([www.isleasing.com.tr](http://www.isleasing.com.tr)).
- It is not planned to hold regular discussions and meetings with the press. When it appears necessary or in order to respond to requests from members of the press, certain announcements are made in the written and visual media. Announcements to written and visual media and data distribution institutions may be made by the Chairman of the Board of Directors, the General Manager or his deputy and other persons designated by those authorities.
- In the Communiqué on Material Events Subject to Disclosure, the future-oriented assessments are defined as "assessments which contain future plans and predictions considered as insider information, or which give an idea to investors about the issuer's future activities, and financial situation and performance". Where the future-oriented assessments are intended to be made public through press and media or other means of communication, the same



## DISCLOSURE POLICY

information is further announced through PDP (Public Disclosure Platform) concurrently. In the case of a material change in the future-oriented assessments already made public, the public is separately informed thereabout. Future-oriented prospects are made public with a prior written approval of the General Manager or the Deputy General Manager authorized by the Board of Directors of our Company.

- All meeting requests from shareholders are positively responded to and meetings are organized within the shortest possible time frame. From time to time teleconferences are organized by the Investor Relations Unit to provide information to shareholders and stakeholders. Such information is posted in Turkish and English on our website ([www.isleasing.com.tr](http://www.isleasing.com.tr)) to timely provide them to all market participants under equal conditions.
- In order to convey the company's sectoral performance, financial results, vision, strategies and targets to shareholders in a most efficient manner, the Investor Relations Unit accepts meeting requests from shareholders, investment houses, analysts and investors, actively arranges meetings and road-shows with interested parties and visits investors both in Turkey and abroad. Furthermore, to achieve effective publicity of our Company, The Investor Relations Unit prepares presentations and reports which are posted in Turkish and English on our website ([www.isleasing.com.tr](http://www.isleasing.com.tr)) to timely provide them to all market participants under equal conditions.
- Upon request of our shareholders, creditors, rating agencies and organizations doing research on our company, financial statements and related information are sent by the Investor Relations Unit via e-mail.
- Within the framework of corporate governance principles, in the section "Special to the Investor" which is posted both in Turkish and in English on our website ([www.isleasing.com.tr](http://www.isleasing.com.tr)), detailed information and data are given on our company. Every question from shareholders and other parties is answered by way of e-mails, letters, or telephone and similar means through the coordination of the Investor Relations Unit.

## Other Disclosures

Disclosures other than those mentioned above are made available to the public in line with the authorizations specified in the list of authorized signatories.

Corporate Website of İŞ Finansal Kiralama A.Ş. ([www.isleasing.com.tr](http://www.isleasing.com.tr))

Our Company's website is used actively and frequently to inform the public. Prepared in both Turkish and English, the website contains the information and data determined by the regulatory authorities and required by the principles of corporate governance. The site contains announcements on upcoming General Assembly meetings, agenda items and related information, documents and reports and procedures for participating in the General Assembly meeting. In addition, the company's disclosure policy and ethical standards are also featured on the website. The web site is monitored and kept up to date by the Investor Relations Unit.



## Monitoring News and Rumors About the Company

- In order to follow-up the news and rumors about our company appearing on press-publication organs or web sites, the services of a company specialized in media monitoring services are being utilized. All news appearing about our company is sent by the service provider to our company on a daily basis.
- In the event that news or rumors appear on written and visual media which are of significance to affect stakeholders investment decisions or the value of capital market instruments, are not originated by representative authorized persons of the Company, have a different content than the information previously made public through disclosure documents; an immediate disclosure is made to the public as to the validity and completeness of such information. In the event the information necessitates declaration of special circumstances, then the disclosure is made in the form of disclosure of special circumstances.

## Deferring Disclosure of Internal Information

Bearing the responsibility, our company may defer the disclosure of internal information in order to prevent damage to its legal rights and interests. No disclosure is made to the public regarding the internal information during the deferment period. Our company is responsible to take all kinds of measures to prevent the deferral from forming a risk of deceiving the public and the information is kept confidential during the deferment period.

Measures to ensure the confidentiality of information are subject to Board of Directors approval. By the time the reasons for deferral are eliminated, an announcement is made to public and immediately to PDP; containing the internal information, the decision to defer and the reasons for deferral.

## Criteria in Determining Persons with Administrative Responsibility

When determining the persons who have administrative responsibility, the duties of such individuals within the company and the content of information accessed by such persons are taken as criteria. Accordingly, managers and other employees having information on only a part of the operations of the company and who have limited access to information about all activities are not evaluated in the context of the persons having access to inside information.

In this context, Board Members and Auditors, the General Manager and Assistant General Manager as well as the unit managers and some company employees with access to complete information about the company such as asset-liability structure, profit and loss, cash flows, strategic objectives, etc. and authority to administrative decisions that may affect the company at a macro-level are identified as persons with administrative responsibility.

## The Announcements of the Statements Regarding the Company's Indirect or Direct Legal and Commercial Relations due to Capital, Management and Audit with real and legal persons

The Company's statements regarding its indirect or direct legal and commercial relations due to capital, management and audit with real and legal persons, are done within the framework of the CMB's regulations.



## DISCLOSURE POLICY

**Confidentiality of Information to be Disclosed to the Public**

- All information of the Company, encountered during the period of service which are in the nature of trade secret, and are not desired to be known by persons other than those authorized by the Company, shall be considered as "Company Information". All employees are obligated to protect company information during and after the termination of their service.
- Company Ethical Rules, outlining the rules of professional ethics and the sanctions to be applied by the company in case of discordance, in accordance with existing laws and regulations, are published and announced to all staff. Necessary measures are taken to prevent the usage of insider information.
- The list of persons with access to internal information is kept up-to-date within the company. Persons having access are required to keep such information confidential until it is announced to the public by a declaration of special circumstances. In order to ensure confidentiality until the declaration of special circumstances, company employees with access to internal information are informed about their responsibilities arising from relevant legislation.
- Independent auditors, consultants or other persons and institutions rendering services and having temporary access to internal information are contractually covered with a confidentiality clause.



# ETHICAL PRINCIPLES

## I. GENERAL PROVISIONS:

### Article 1. Purpose and Scope:

Basic purpose of the Professional Ethical Principles of the Association of Financial Institutions (the "Association"), applicable on all kinds of relations and affairs of companies, being members of the Association, with each other or with their customers, shareholders or employees, or with other entities and institutions, is to maintain the continuity of professional reputation, and to protect stability, trust and confidence in the relevant sectors with regard to fields of business of financial leasing, factoring and finance companies.

İş Finansal Kiralama A.Ş. Ethical Principles ("Ethical Principles") determines and sets down the rules and principles required to be complied with in all kinds of relations and affairs of İş Finansal Kiralama A.Ş. (the "Company") with the Association members, and with its customers, shareholders and employees ("Employees"), and with other entities and institutions, and forms a basis for sanctions to be imposed by the Company in the case of breach of these principles.

Ethical Principles will be published in the Company's corporate internet site ([www.isleasing.com.tr](http://www.isleasing.com.tr)) and the Company's internal publications. It is the responsibility of Managers of the Company to communicate these Ethical Principles to all Employees, and to ensure that the Employees place the required importance on these rules, and to endeavor and show leadership for compliance with these rules. The Board of Directors, Senior Management, Managers and Employees are all liable to comply with these principles.

### Article 2. Grounds:

These Ethical Principles are relied upon the "Financial Leasing, Factoring and Finance Companies Professional Ethical Principles" published and made effective by the Association of Financial Institutions (the "Association") on 18 March 2015, and the provisions of "Corporate Governance Communiqué" published by the Capital Markets Board.

### Article 3. General Principles:

For the sake of trust and stability in financial markets, and for effective operation of crediting systems by also taking into consideration the requirements of economic development, and for prevention of practices and actions which may cause substantial damages in economy, and with a view to safeguarding the social interests and for protection of environment, the Company and the Employees perform their duties and functions and take actions in tandem with the following general principles.

#### Company:

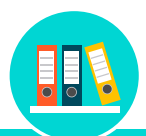
##### a) Honesty:

In performing its activities, and in all its relations with its customers, Employees, shareholders, group companies, and with Association members, vendors, and other entities and institutions, the Company adheres to and acts in line with the principle of honesty.

##### b) Neutrality:

The Company does not discriminate between its Employees and customers, and refrains from acting in a biased and prejudiced way.

In providing its services to its Customers, the Company does not make any discrimination on the basis of such differences as national or ethnic origin, religion, financial and social status, or gender.



## ETHICAL PRINCIPLES

**c) Reliability:**

In all of its services and actions, the Company gives clear, understandable and true information to its customers and offers its customer services completely and timely, within a mutual trust atmosphere.

**d) Transparency:**

The Company keeps its customers informed clearly, understandably and explicitly about such issues as rights and obligations, benefits and risks of products and services provided to the customers.

**e) Safeguarding The Social Interests, And Respect For Environment:**

In all its activities and operations, in addition to profitability, the Company makes a point of giving support to social and cultural activities in the light of the principles of safeguarding the social interests and of respect for environment.

**f) Prevention Of Laundering Of Crime Revenues:**

Within the framework of international norms and national applicable laws, the Company adopts it as an important principle to fight against laundering of crime revenues and against corruptions and similar other crimes, and does its best in order to enter into cooperation with both Association members and other entities and institutions and concerned authorities. The Company internally takes the necessary measures and organizes training programs for its Employees in connection therewith.

**g) Insider Trading:**

The Company takes all kinds of actions in order to prevent use of insider information.

**II. RELATIONS OF COMPANY WITH PUBLIC ENTITIES AND ADMINISTRATIONS:****Company:****Article 4. Relations with Public Entities and Administrations:**

In its relations with public entities and administrations, the Company acts in line with honesty, accountability and transparency principles, and ensures that all information, documents and records requested for audit and control purposes pursuant to the laws are provided accurately, completely and timely.

Other than issues which are solely concerned with the Company itself, the Company will inform the Association before taking comments and opinions of public entities and administrations on issues which may ultimately be binding on the Financial Leasing Sector.

**III. RELATIONS WITH MEMBERS OF THE ASSOCIATION:****Article 5. Exchange of Information:**

To the extent allowed by the applicable laws and regulations, the Company exchanges information with members of the Association accurately and systematically on all and any subjects whatsoever.

**Article 6. Personnel Movements:**

The Company refrains from all kinds of acts which may lead to unfair competition about employment of personnel.



## ETHICAL PRINCIPLES

In spite of freedom of contract and movement in terms of employment of personnel pursuant to the Labor Act and other relevant applicable laws and regulations, the Company takes care to ensure that its personnel recruitments do not interrupt services of other companies. The Company acts honestly and objectively in providing information that may be requested by other companies about its ex-employees.

**Article 7. Competition:**

The Company considers and treats competition as a legitimate contest among all companies operating in financial leasing, factoring and finance sector enabling the market actors to take their economic decisions freely. Therefore, in its activities carried out within free market economy, the Company avoids all kinds of acts, behaviors and statements which may lead to unfair competition, within the frame of principles of not only safeguarding its own interests, but also:

- a) ensuring continuity of trust in financial leasing, factoring and finance companies in general; and
- b) endeavoring for further development of the sector; and
- c) safeguarding joint interests of market players.

This principle is both valid for the Company as a separate legal personality, and covers the acts, behaviors and statements of Managers and Employees of the Company as well.

**Article 8. Advertisements and Promotions:**

In its advertisements and promotions aimed at promotion and marketing of both its own financial products and the products and services of members of the Association, the Company complies with the laws and general ethical rules, and acts honestly and realistically, and refrains from all kinds of acts or behaviors which may damage the prestige and reputation of its sector, and may misrepresent its sector.

In its advertisements and promotions, the Company does not use any words or phrases defaming or humiliating other Association members or products and services of other Association members.

**IV. RELATIONS OF COMPANY WITH ITS CUSTOMERS:****Company:****Article 9. Information of Customers:**

With respect to all kinds of products and services offered to its customers, the Company gives true, accurate and complete information to its customers in a timely manner at all stages of service relations and in all aspects, by strictly complying with the limitations set forth in the applicable laws.

**Article 10. Customer Secrets:**

The Company is under obligation to keep in strict confidence all kinds of information and documents of customers and not to divulge them to third parties, other than persons and entities who are clearly and legally authorized to request information and documents.

**Article 11. Service Quality:**

The Company considers service quality as a condition precedent of meeting the customer needs and expectations through top quality services to be provided. The Company makes sure that two basic elements of this concept, i.e. technological infrastructure and qualified human resources, are used for continuous development in service quality.



## ETHICAL PRINCIPLES

The Company provides services of the same quality and same level to all customers. However, identification of target markets, and differentiation of organizational structure and product range or mix according to the target masses, or adoption of different approaches towards customers in different risk groups cannot be construed as a discrimination among customers or as categorization of customers.

### Article 12. Customer Complaints:

The Company establishes a system capable of responding to all kinds of questions of its customers with respect to its services, and keeps its customers informed about the services.

The Company delves into causes of customer complaints, and takes actions required for non-repetition of just complaints. The Company informs its Employees for correction of mistakes leading to complaints and for prevention of repetition thereof.

### Article 13. Security:

The Company takes all kinds of technical and legal actions for the sake of transactional security in all and any service environments due to changing service channels and technological developments. The Company informs its customers about actions taken by itself and actions required to be taken by the customers.

## V. RELATIONS WITH EMPLOYEES:

The Company adopts a strategy respectful for rights and interests of its Employees and applying contemporary human resources policies. The Company accepts and treats collaboration and solidarity as important elements of work environment; encourages mutual respect; assures continuity of peace at work; creates appropriate environments where the Employees may express themselves and uses such environments for development of the Company and its Employees; and supports social events and activities of the Employees based on voluntary participation.

### Article 14. General Qualifications of Employees:

The Company makes sure that its Employees have the knowledge and the sense of responsibility necessitated by their job positions and duties.

### Article 15. Recruitment and Career Development:

The Company provides equal opportunities both in recruitment and in career development without any discrimination among its Employees. Departing from the principle of best management of human resources, the Company provides training courses, seminars and similar other facilities needed by its Employees to reach the knowledge level according to the necessities of the time and the profession.

In professional promotion of its Employees, the Company takes into account not only their knowledge, skills and personal successes, but also their loyalty to Ethical Principles and their care shown in implementation of principles.

### Article 16. Representation Principles and Work Environment:

The Company issues internal regulations requiring its Employees to be clean and well-groomed in line with reputation of profession and knowing that they represent the Company.

The Company takes actions in order to increase motivation of its Employees in all service units and for the sake of provision of service under better conditions, and creates a healthy and safe work environment.





## ETHICAL PRINCIPLES

The Company takes required actions in order to prevent all kinds of harassment, especially mobbing, and holds an investigation in the case of allegations thereof. If a mobbing act is detected as a result of investigation, it takes the required actions and applies the sanctions required as per the pertinent laws.

**Article 17. Working Hours:**

The Company ensures that adequate personnel of a number fit for the workload are recruited and employed. It organizes its Employees in such manner to use them with maximum efficiency within working hours, and shows maximum efforts to ensure that overtime work is not needed, and the Employees regularly use their annual leaves.

**Article 18. Rights of Employees:**

The Company assures that all rights of the Employees arising out of the applicable laws and regulations are recognized and granted fully, accurately and timely.

**Article 19. Relations of Employees with Customers:****The Company issues internal regulations precluding its Employees from:**

- a) entering into non-ethical relations with customers such as debt/credit and surety relations; and
- b) getting gifts from existing or potential customers; and
- c) deriving personal benefits from their own business relations or from opportunities of customers by using their personal positions.

**VI. PROFESSIONAL RULES AND ETHICAL PRINCIPLES TO BE ABIDED BY COMPANY EMPLOYEES:****Article 20. Professional Rules and Ethical Principles to be Abided By Employees:****The Employees are obliged:**

- a) to comply with the current applicable laws and regulations in the course of performance of their job duties; and
- b) to keep their customers informed about benefits and risks of products and services offered to them; and
- c) to provide unbiased and fair services to customers receiving the same services; and
- d) not to disclose any secrets of the Company and its customers, which come to their knowledge in the course of performance of their job duties, to third parties other than the authorities legally and clearly authorized to request them; and
- e) not to cause any loss of reputation of the Company in their works and behaviors; and
- f) not to engage in activities which may lead to their identification as a "Commercial Enterprise" or as an "Artisan or Tradesman"; and
- g) not to act contrary to justice, integrity, honesty, reliability and social responsibility principles; and
- h) to enter into cooperation and to establish respectful and attentive communication with other employees in tandem with joint purposes and motives in performing their job duties and obligations; and
- i) not to use the assets and resources of the Company inefficiently and for non-intended purposes; and
- j) not to derive personal benefits from their own business relations or from opportunities of customers by using their personal positions; and
- k) to immediately refuse offers made to them for provision of benefits, and to report such offers to official authorities and their superiors; and



## ETHICAL PRINCIPLES

- l) to direct potential customers first of all to the Company; and
- m) not to enter into non-ethical relations with customers such as debt/credit and surety relations; and
- n) not to accept gifts from existing or potential customers other than common usage and practices; and
- o) to assume responsibility and accountability with respect to their duties in the course of performance of services; and
- p) not to ruin the reputation of the Company and other financial institutions and not to engage in defamatory or humiliating acts towards business partners, shareholders, employees and customers by using their own identity or by concealing their identity or by using misleading identities in media and social media environments, profile accounts or other communications; and
- q) not to take acts binding on the Company, and not to give deceptive and untrue statements by overriding their authority in performance of their job duties.

### Article 21. Development of Ethical Principles of Companies:

The Company may at any time and in its sole option make proposals to the Board of Directors of the Association for development and if required, for amendment and revision of the Ethical Principles.

## VII. RELATIONS OF COMPANY WITH THE ASSOCIATION:

### Article 22. Relations with the Association:

In its relations with the Association, the Company acts in line with honesty and transparency principles, and ensures that all requested information, documents and records are transmitted accurately, completely and timely.

#### The Company will not make public:

- a) information about other members of the Association; and
- b) correspondences exchanged by the Association with public entities and administrations; and
- c) agreements signed by the Association with its service providers, advisors and consultants; and
- d) any kind of confidential information and documents sent and provided by the Association.

## VIII. RELATIONS OF COMPANY WITH ITS SHAREHOLDERS:

### Article 23. Relations with Shareholders:

The Company protects the rights and interests of shareholders as outlined and determined by the applicable laws, and shows maximum efforts to create value against resources provided by shareholders. The Company makes sure that the required information is disclosed to shareholders and to public accurately, completely and timely. The resources, assets and working time of the Company are managed efficiently on the basis of sustainable growth and profitability.

## IX. OTHER PROVISIONS:

### Article 24. Compliance with Laws and Legal Actions:

The Company complies with all laws and regulations within the fields of business of the Company, and all policies and working principles published by the Board of Directors of the Company. The Company establishes the systems required for keeping of all operational and legal records completely and in accordance with the laws, and keeps all records, and



## ETHICAL PRINCIPLES

issues all reports. The Company ensures that agreements signed with other persons and entities are open, clear and understandable and compliant with laws and the Ethical Principles. Other than those authorized in accordance with the principles and limits set forth in the signature circular or the relevant special authorization certificate, the Company takes actions to prevent any Employee from entering into engagements binding on the Company.

**Article 25. Public Disclosure:**

The Company publishes all public disclosures, statements or bulletins through its legal representatives in compliance with the laws. The Company ensures that disclosures that are newsworthy or for promotion purposes are made by the Company representatives designated in accordance with the information policy of the Company. Information requests of third parties, which are by nature in confidential category for the Company, are responded within the knowledge of the Top Management.

**Article 26. Confidentiality:**

The Company and its Employees know that all financial and trade secrets of the Company, and all information which, if disclosed, may weaken the competitive power of the Company, and personnel rights and information, and agreements signed with business partners are "confidential" by nature, and they protect and keep them in strict confidence. Information and documents obtained as a requirement of business may in no case and for no purpose whatsoever be shared with unauthorized persons or entities inside or outside the Company, and be used for speculative purposes or personal interests.

**Article 27. Detection of Breaches, and Sanction:**

Transactions or acts alleged to be contrary to the Association's Ethical Principles and Professional Rules and Decisions are first of all evaluated in the relevant sector committees, and then presented to the decision of the Board of Directors of the Association. If the Board of Directors of the Association decides that a company has breached these Ethical Principles, then it may inflict an administrative fine pursuant to article 42.3 of the Law no. 6361, and it is separately reported to the Banking Regulation and Supervision Authority.

**Article 28. Effective Date:**

These Ethical Principles have entered into force as of 30.06.2015.



## DECLARATION OF CORPORATE GOVERNANCE RULES

Istanbul, 09 February 2016

To the Board of Directors of İş Finansal Kiralama A.Ş.;

### DECLARATION OF CORPORATE GOVERNANCE RULES

According to the "Communiqué of Corporate Governance" Number: II-17.1 of the Capital Markets Board appeared in the Gazette No: 28871 dated on 03.01.2014, all companies traded on Borsa İstanbul (BİST) are requested to provide a declaration of compliance with Corporate Governance Principles and a compliance report within their annual report and website. Within the framework of the Capital Market Legislation, our company's yearly compliance report on principles of corporate governance has been provided on our website ([www.isleasing.com.tr](http://www.isleasing.com.tr)) and our annual reports since 2005.

The implementation and application of corporate governance principles in our company is regarded very beneficial both for our company's interests as well as for the development of capital markets locally and abroad. The application of corporate governance principles in our company is a continuous and dynamic process, pervading in all applications.

Under this context, being listed under the corporate governance index of Borsa İstanbul, as a result of the rating process performed by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. in 2015, considering the emphasis on corporate governance rules, the willingness to perform this process consistently and dynamically and the improvement realized in the process since the previous rating score, corporate governance rating score of our company has been rated as 9.20 (92.03) and the rating report has been announced to public. This rating report has also been shared with the public under our company website ([www.isleasing.com.tr](http://www.isleasing.com.tr)), concerning to increase this corporate governance rating score, the protection of rights of shareholders, informing the public and maintaining transparency and the adjustment to the said rules in decisions and transactions concerning stakeholders and Board of Directors are aimed and in this context, effort for corporate governance compliance is maintained under the supervision of our committee.

Within this framework, the **Compliance Report on Principles of Corporate Governance** for 2015 prepared in light of our company's priorities on this subject, which is disclosing applied and unapplied aspects of the governance principles has been provided as Appendix.

The compliance report on principles of corporate governance, prepared for our annual report in accordance with corporate governance principles and company governance applications, has been surveyed by our committee, evaluated to be appropriate based on our above declaration and submitted to your perusal.

Best Regards,


İş Finansal Kiralama A.Ş.  
Corporate Governance Committee



Nida ÇETİN  
Member



Z. Hansu UÇAR  
Member



Prof. M. Baha KARAN  
Chairman



# 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.

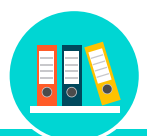
Being conscious and cognizant of the fact that a good corporate governance practice may be ensured only through determination of a management strategy, and creation of an effective risk management and internal control mechanism, and formulation of ethical rules, and management of investor relations and 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.

Corporate governance applications of the Company are being regularly and independently rated since 2009, and the latest of these ratings was conducted in 2015 by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (“Saha Rating”) who assigned our Company the corporate governance principles compliance rating of “9.20” over full rating of “10”. The Company is listed on BIST Corporate Governance Index, also it was included to the World Corporate Governance Index (WCGI) which was published by Saha Rating on 7 August 2015.

The Company has its operations in full compliance with all of the compulsory items included to the corporate governance principles by implementing all required policies and measures. Governance and internal control mechanisms as established by the Company are actively and efficiently put into operation, and any corporate governance risks as may be identified are actively managed. The rights of the shareholders and stakeholders are fairly observed, and public disclosure and transparency subject are given maximum care and importance.

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.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

## PART I - SHAREHOLDERS

## 2. Shareholder Relations Unit

There is an Investor Relations Unit, in charge of relations with shareholders is in the Company.

Name and Surname	Position	Telephone Number	Elektronic Mail Adress
Sn.Nida Çetin	Deputy General Manager	0 212 350 74 00	nidacetin@isleasing.com.tr
Sn.Onan Keleş	Manager	0 212 350 74 50	onankeles@isleasing.com.tr
Sn.Neslihan Oruç	Manager	0 212 350 74 70	neslihanoruc@isleasing.com.tr
Sn. Ayşe Perk	Assistant Manager	0 212 350 74 78	ayseperk@isleasing.com.tr
Sn. Firuze Kutlu	Supervisor	0 212 350 74 72	firuzekutlu@isleasing.com.tr

Investors Relations Unit reports directly to the Assistant General Manager Ms. Nida Çetin. Ms. Nida Çetin and Ms. Neslihan Oruç have got Capital Markets Advanced Level License and Corporate Governance Rating Specialization License certificates.

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 9 verbal, 5 written information demands received from shareholders during the report period have been met by the Investor Relations Unit, and a total of 7 information meetings have been organized for local and foreign investors, and shareholder records have been kept up-to-date.



### 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 2015. 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 2014 Annual Ordinary Meeting of the General Assembly.

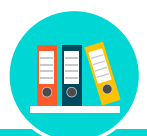
The 2014 annual ordinary General Assembly has been held on 24.03.2015 in accordance with the applicable laws and regulations, and the Company's articles of association and other internal bylaws. All procedures required to be completed prior to the General Assembly meeting have been carried out in accordance with the corporate governance principles, and decisions taken in the General Assembly meeting have been made public in a timely manner.

The 2014 Annual Ordinary Meeting of the General Assembly has been held with participation of our shareholders representing 59.59%, i.e. 275.04 million TL of the paid capital of 461.503.000 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 Dünya newspaper, and the Public Disclosure Platform, and is separately published in the Company's internet website as well.





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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.

Before the meeting, the financial statements and reports, the annual report, 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 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 2015 Annual Ordinary Meeting of the General Assembly. (Amounts are expressed in Turkish Lira.)

Others	350 TL
<b>TOTAL</b>	<b>350 TL</b>

## 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.





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

## 6. Dividend Rights and Profit Distribution Policy

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

Full text of the profit distribution policy of the Company which has been approved by the General Assembly of Shareholders and disclosed to public is included in the annual report.

It was resolved in the Ordinary General Assembly Meeting in 2014 that, of the net profit of the period which is taken as the basis for the calculation of the profit distribution in accordance with the laws and regulations on Capital Markets Board, 68.799,65 thousand TL be distributed as first dividend in the form of bonus share and 15.000 thousand TL be distributed as cash dividend from the extraordinary reserves, and cash dividend distribution was completed on 30.03.2015 and bonus share distribution was completed on 08.06.2015.

## 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

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 given below:

Name and Surname	Position	Telephone Number	Elektronic Mail Adress
Sn.Nida Çetin	Deputy General Manager	0 212 350 74 00	nidacetin@isleasing.com.tr
Sn.Onan Keleş	Manager	0 212 350 74 50	onankeles@isleasing.com.tr
Sn.Neslihan Oruç	Manager	0 212 350 74 70	neslihanoruc@isleasing.com.tr
Sn. Ayşe Perk	Assistant Manager	0 212 350 74 78	ayseperk@isleasing.com.tr
Sn. Firuze Kutlu	Supervisor	0 212 350 74 72	firuzekutlu@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.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

## 9. Company's Website and Its Contents

The Company's website is at the address of [www.isleasing.com.tr](http://www.isleasing.com.tr).

The Company's website which has been published both in Turkish and in English languages covers all subjects stipulated in the corporate governance principles.

The Company's website is kept current within the frame of the "Corporate Governance Communiqué" no. II-17.1.

## 10. Annual Report

The Company's Activity Report is prepared in conformance with the principles laid down in the Capital Markets Board's Communiqués No. II-14.1 on "Principles of Financial Reporting in Capital Markets" and No. II-17.1 on "Corporate Governance", is independently audited and disclosed to the public.

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.

Stakeholders are given information via material disclosures, general assembly meeting minutes, annual activity reports, financial reports, public disclosure platform and the Company's website.

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](mailto: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



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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.

The Company conducts "Employee Satisfaction Survey" for taking the opinions and active participation of its employees in the decision-making processes, and the results of this survey is announced to the employees after being assessed by the company's management.

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.

With a view to creating an alternative platform where the employees may express their ideas and opinions in the Company, and developing improvement suggestions on internal working atmosphere, cooperation and corporate climate, etc. issues, an "Employee Committee" has been established in 2015. The Committee is comprised of members elected by voting by all departments of the Company. Suggestions developed and reports prepared by the "Employee Committee" meeting at least three times a year are presented to the Company management, and the suggestions found appropriate are implemented by the Company management.

## 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.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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

In addition to direct communication between the Company and its employees, the suggestions and opinions of the employees are regularly shared with the Company through an Employee Committee comprised of members elected by voting by all departments of the Company.

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

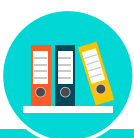
### 15. Structure and Composition of the Board of Directors

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

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 11.03.2015 a committee report of the same date discussing whether the nominees meet the independence criteria or not..

Name and Surname	Position	Executive/Non-executive	Term Of Office
Suat Ince	Chairman	Non-executive	2 years
Ozan Gürsoy	Vice Chairman	Non-executive	2 years
Burak Akgüç	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
Soner Benli	Member	Non-executive	2 years
Bahattin Özarslantürk	Member	Non-executive	2 years
O. Tufan Kurbanoglu	Member	Non-executive	2 years
Z. Hansu Uçar	Member	Non-executive	2 years
Ünal Çakmak	Member	Non-executive	2 years



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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 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 Middle East Technical University, 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. He is appointed as Gebze Corporate Branch Manager in 2015. Mr. Gürsoy is a member of Board of Directors of İş Leasing since 14 October 2009.

**Burak Akgüç** (Member)

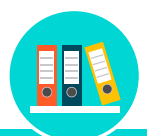
Burak Akgüç was born in Istanbul in 1964 and graduated from the Department of Political Science, Boğaziçi University. Mr. Akgüç joined TSKB in 1991 as a Specialist in the Financial Analysis Department. After serving in a variety of positions, he was appointed as the Head of the Loan and Investment Department in 2001. He is appointed as Deputy General Manager in 2005 and is currently responsible for the Corporate Marketing and Project Finance Divisions.

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

Born in 1965, Mr. Berument is a graduate of Division of Economy of Middle East Technical University. 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).



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

**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 appointed as İş Leasing General Manager on 07.03.2013.

**Soner Benli** (Member)

Born in 1969, Mr. Benli is graduated from London City University Business School Msc, Banking and Finance Department. After starting his career as assistant inspector in Türkiye İş Bank in 1994, Mr. Benli is appointed as Vice Manager in Risk Management Department of Türkiye İş Bankası A.Ş. in 2002, and as Group Manager in the same department in 2006. Thereafter, Mr. Benli is appointed as Commercial Credits Allocation Department Unit Manager in 2007, and as Credit Risk Management and Portfolio Monitoring Department Manager in 2010. He is appointed as Head of Retail Credits in the Underwriting Department in 2012. Mr Benli is currently working as Head of Retail Credits in the Underwriting Department.

**Bahattin Özarslantürk** (Member)

Born in 1971, Mr. Özarslantürk is a graduate of Division of English Management of İstanbul University. Starting his job career as an assistant credit specialist in Türkiye İş Bank Zincirlikuyu Branch in 1994, Mr. Özarslantürk is appointed to Accounting Department in 2000. Mr. Özarslantürk has served in Risk Management Department between 2001 and 2002, and as a credit specialist in Corporate Credits Department in 2002, and is appointed as assistant manager in 2002. He has served as Regional Manager in Corporate Credits Department in 2006, and as Hadımköy Commercial Banking Branch Manager in 2009 and Güneşli Corporate Banking Branch Manager in 2011, Mr. Özarslantürk is appointed as the Commercial Credits Allocation Department Manager on 28 February 2013, and is still serving as Commercial Credits Allocation Department Manager.

**O. Tufan Kurbanoglu** (Member)

Born in 1971, Mr. Kurbanoglu is a graduate of Division of Public Management of Middle East Technical University. Starting his job career as an inspector in Türkiye İş Bank in 1993, Mr. Kurbanoglu is appointed as Vice Manager in Corporate Credits Monitoring and Follow-up Department in 2002. Mr. Kurbanoglu has served as vice manager between 2002 and 2006, and as Regional Manager in Retail Credits Monitoring and Follow-up between 2011 and 2014, and is appointed as Commercial and Corporate Credits Monitoring and Follow-up Department head in 2014. Mr. Kurbanoglu is currently working as Head of Commercial and Corporate Credits Monitoring and Follow-up Department.

**Z. Hansu Uçar** (Member)

Born in 1971, Ms. Uçar is graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. After starting her career as an Assistant Investment Expert in Subsidiaries Department of Türkiye İş Bankası A.Ş. in 1994, Ms. Uçar has worked in managerial posts in charge of various different group companies in the same department, and is working as the Subsidiaries Department Manager since 2015. Serving as a Member of Board of Directors in various group companies of Türkiye İş Bankası A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2004, Ms. Uçar works as a Member of Board of Directors of İş Finansal Kiralama A.Ş. as well since 30 July 2013, and is at the same time a member of Risk Management Committee and Corporate Governance Committee therein.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

**Ünal Çakmak** (Member)

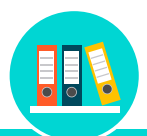
Born in 1975, Mr. Çakmak is graduated from Selçuk University, Faculty of Economic and Administrative Sciences, Division of Business Administration, and further holds a MBA from Yeditepe University. Starting his job career as an officer in Nişantaşı Branch of Türkiye İş Bank in 1999, Mr. Çakmak has served 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;





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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 : 24.03.2015

**NDEPENDENCE 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 :24.03.2015





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

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 Ince	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	Gebze Corporate Branch Manager
Burak Akgüç	Türkiye Sınai Kalkınma Bankası A.Ş.	Deputy General 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
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
Soner Benli	Multinational Finance Society	Chairman
	Türkiye İş Bankası A.Ş. / Group company	Retail Credits in the Underwriting Department Manager
	Türkiye İş Bankası A.Ş. / Group company	Commercial Credits Allocation Department Manager
O. Tufan Kurbanoğlu	Türkiye İş Bankası A.Ş. / Group company	Commercial and Corporate Credits Monitoring and Follow-up / Department Manager
Z. Hansu Uçar	Türkiye İş Bankası A.Ş. / Group company	Participations Department Unit Manager
	Türkiye Sınai Kalkınma Bankası A.Ş., 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., Camış Madencilik A.Ş., Anadolu Cam Eskişehir Sanayii A.Ş., Cam Elyaf Sanayii A.Ş., Camış Yatırım Holding A.Ş., İş Faktoring A.Ş./ Group company	Member of Board of Directors
Ünal Çakmak	Türkiye İş Bankası A.Ş. / Group company	SME Credits Allocation Department/Unit Manager

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.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

**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 5 Board meetings are held during 2015.

Date	Decision No.	Participation	Decision Quorum
26.02.2015	2233	10 directors attended.	Unanimous vote
16.04.2015	2259	11 directors attended.	Unanimous vote
10.07.2015	2280	8 directors attended.	Unanimous vote
23.10.2015	2293	10 directors attended.	Unanimous vote
24.12.2015	2308	10 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 2015 meetings.

Board of Directors' meetings take place at the Company's headquarters, and important decisions of the Board of Directors are announced to the public via Public Disclosure Platform and published in the Company's corporate website.

Authorizations and responsibilities of the Board Members of the Company are clearly defined in the Articles of Association and the Company's authorized signatory list. The Board of Directors plays a leading role in the maintenance of efficient communication and settlement of possible disputes between the Company and the shareholders and is in close cooperation with the Relations with the Shareholders Unit.

According to articles of association of the Company, the Directors do not have any cast vote or veto right. 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. There is no internal company regulation relating to formal requirements of Board meetings.

In 2015, all related party transactions and transaction principles have been submitted to the approval of the Board of Directors. All relevant decisions have been taken by unanimous vote and there was no related-party or significant transaction which was not approved by independent members of the board and therefore needed to be submitted to the General Assembly. There was no decision taken to the General Assembly due to a related party or significant transaction either. "Executive Liability Insurance" was taken for the compensation of the possible damages of the Company and the third parties due to the faults of the Board members and executives of the Company during their execution of their duties.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

**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.

**Regulation for Audit Committee****Article 1 Purpose and Scope**

This Regulation covers the establishment of an Audit Committee, and regulation of the duties and responsibilities of this Committee as well as its operational procedures in order to ensure that the Board of Directors fulfills its supervisory and audit duties and responsibilities in a healthy manner.

**Article 2 Justification**

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

**Article 3 Establishment of the Audit Committee**

An audit committee is established by at least two members to be selected from among the Board members.

The members of the Committee elect a Chairman among themselves.

All of the Committee members are elected from among the independent members of the Board.

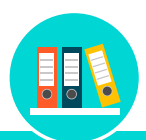
If possible, at least one of the members of the Audit Committee should be elected from the Board members having a minimum 5 years of experience in audit/accounting and finance topics.

Committee membership automatically ends upon the termination of the Board membership of the relevant member.

**Article 4 Duties and Responsibilities of the Audit Committee**

The duties and responsibilities of the Audit Committee have been outlined below.

- The Audit Committee supervises the operation and efficiency of the Company's accounting system, disclosure of its financial information, its independent audit and its internal control and internal audit system.
- The selection of the independent audit firm, commencement of the independent audit process after preparing the independent audit contracts, and the subsequent works of the independent audit firm at all times is conducted under the supervision of the Audit Committee.
- The Audit Committee determines the name of the independent audit firm and the services to be procured from it, and



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

submits this list to the approval of the Board of Directors.

- The Audit Committee determines the methods and criteria to apply to the processing and settling of the complaints sent to the Company regarding the Company's accounting, internal control and audit system, and the independent audit as well as the treatment of the Company's disclosures made by the Company's employees on the subjects of the independent audit within the framework of the confidential principle.
- The Audit Company submits in writing to the Board of Directors its assessments on the accuracy and authenticity of the annual and interim financial statements to be disclosed to public and the conformance of these statements with the accounting principles adopted by the Company also by taking the opinions of the Company's managers and independent auditors.
- The Audit Committee also performs other works and assignments to be assigned to it by the Board of Directors.

**Article 5 The Audit Committee's Operation Principles and Procedures**

- The Audit Committee meets at least once every three months and at least four times annually.
- The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.
- The Committee keeps a minute book and all decisions taken by the Committee are recorded in this book under a separate log number.
- The results of the Committee's meetings are issued as a official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.
- The decisions of the Committee take effect upon the approval by the Board of Directors.
- The Audit Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.
- The activities and the meeting results of the Committee are announced at the annual activity report. The annual activity report also provides how many times the Audit Committee has submitted written notifications to the Board of Directors during the given fiscal year.
- The Audit Committee may invite other people to its meetings as needed to get their opinions on a subject.
- Internal Audit Unit determines the agenda of the meetings, makes the calls for the meetings, ensures the communication between the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee
- The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.
- Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is paid by the Company.
- The members of the Audit Committee conduct their duties within the framework of the principles of independence and neutrality.

**Article 6 Validity**

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

**Relevant Decisions of the Board of Directors**

Decision	Effective Date	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

During 2015, the Audit Committee has met ten times and has taken thirteen decisions. In its meetings, the Committee has reviewed and assessed the following issues:

- The audit plan prepared by the Company for 2016 has been discussed and approved.
- The distribution of roles within the Committee was determined and the chairman of the committee was selected.
- It has been established that the consolidated financial statements and their footnotes and the activity reports were prepared in accordance with the relevant laws and regulations and the generally accepted principles and standards also by taking the opinions of the Company's executives, and were submitted to the approval of the General Assembly for being disclosed to the public.
- It has been established that the Committee found no negative evidence regarding the transfer of the commercial transactions of the Company to the accounting records during the period, operation and effectiveness of the internal control system, performance of the tax and legal obligations and that due procedures were pursued.
- Determinations, opinions and suggestions found as a result of the audit activities realized by the Internal Audit and Internal Control units have firstly been shared and assessed together with the performers of such procedures, and it has been ensured that required complementary and preventive action was taken.
- Internal control, file control, department/unit audit reports prepared by the Internal Audit and Internal Control units during the period have been examined and submitted to the approval of the Board of Directors.

### 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 the non-executive Independent Board Member Mr. M. Baha Karan, the Corporate Governance Committee is consisted of two members: non-executive Board Member Ms. Z. Hansu Uçar and Ms. Nida Çetin, to whom Investors Relations Unit reports.

### Regulation for Corporate Governance Committee

#### Article 1 Purpose and Scope

This Regulation covers the establishment of a Corporate Governance Committee and regulation of the duties and responsibilities of this Committee as well as its operational principles and procedures in order to ensure that the Board of Directors fulfills its duties and responsibilities on corporate governance in a healthy manner.

The duties of the Nominating Committee and Compensation Committee will be fulfilled by the Corporate Governance Committee until their establishment.

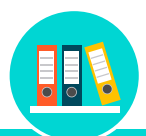
#### Article 2 Justification

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

#### Article 3 Establishment of the Corporate Governance Communiqué

Corporate governance Committee is established by appointment of at least two members from among the Board members and the Manager of the Investor Relations Unit/Department.

The members of the Committee elect a Chairman among themselves. The Chairman of the Committee is elected from among the independent members of the Board. Persons who are not Board members but having specialization on their subjects can also become members to the Corporate Governance Committee.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

If the Corporate Governance Committee has two members elected from the Board of Directors, both of these members are required to be from the independent members of the Board; and if the Committee has more than two board members, then majority of these members should be independent members. General Manager cannot become a member of the Committee.

The Manager of the Investors Relations Unit/Department is required to work full-time in the company and be positioned as a member of the Corporate Governance Committee.

Corporate Governance Committee membership automatically ends upon the termination of the Board membership.

#### **Article 4 Duties and Responsibilities of the Corporate Governance Committee**

The duties and responsibilities of the Corporate Governance Committee have been outlined below.

- The Corporate Governance Committee establishes whether or not the corporate governance principles are duly applied in the Company, and determines the reasons if they are not applied and lay down the conflicts of interest emerging due to the non-application of these principles in the Company, and advises the Board of Directors for the improvement of the corporate governance applications.
- The Corporate Governance Committee supervises the activities of the Company's Investment Relations Department. The Committee lays down the fundamental principles regarding the communication of the Company with the investors, and reviews these principles on a regular basis.
- The Corporate Governance Committee, together with the Investors Relations Department, further submits to the Board of Directors its advice for the improvement of the communication between the Company and the shareholders, and the elimination and settlement of the possible disputes in between.
- The Corporate Governance Committee reviews the Corporate Governance Principles Compliance Report of the Company prior to its being published in the Company's annual activity report, and submits its opinions to the Board of Directors.
- The Corporate Governance Committee prepares its advice and assessments for the identification or amendment of the Company's Disclosure Policy and submits it to the Board of Directors. It also oversees to ensure that the Disclosure Policy covers at least the minimum obligatory content laid down by the laws and regulations regarding the communication of the Company with the stakeholders, and it reviews the content, quality, consistency and accuracy of the documents, presentations and explanations to ensure that they are prepared in accordance with the Disclosure Policy.
- The Corporate Governance Committee works for infusing the corporate governance culture into the Company and its adoption by the managers and employees at all levels. It follows the domestic and international developments on corporate governance front and monitors their possible effects for the Company.

The duties and responsibilities of the Corporate Governance Committee on nominations have been outlined below.

- The Corporate Governance Committee works for setting up a transparent system for the identification, assessment and training of the candidates for board membership and the managerial positions with administrative responsibility and for adoption of proper policies and strategies on this subject.
- The Corporate Governance Committee makes regular assessments on the structure and productivity of the Board of Directors and submits its advice on possible changes to the Board of Directors.
- The Corporate Governance Committee is responsible for performing the jobs regarding the nomination of the independent member candidates for the Board which are stipulated by the laws and regulations and which are compulsory for the Group including the Company as announced by the Board each year.

The duties and responsibilities of the Corporate Governance Committee on the salaries and remunerations have been outlined below:

- The Corporate Governance Committee lays down and oversees the principles, criteria and practices to apply to the compensations of the members of the Board of Directors and executives with administrative responsibility in view of the Company's long term targets.
- It submits to the Board of Directors its suggestions about the wages to be offered to the Board members and executives with administrative responsibility as set forth, also in consideration with the degree of realization of the criteria applicable to such compensation.
- It provides its assessments and suggestions on the creation and amendment of the Company's compensation policy



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

which sets the compensation principles for the members of the Board of Directors and the managers with administrative responsibility, and submits its opinions to the Board of Directors.

The Corporate Governance Committee also fulfills other duties and responsibilities within its area of responsibility as may be delegated to it by the Board of Directors.

#### Article 5 The Corporate Governance Committee's Operation Principles and Procedures

- The Corporate Governance Committee meets at least once every three months and four times annually.
- The Committee meets with the attendance of all its members and takes its decisions by majority vote.
- The Committee keeps a decision book and the decisions taken by the Committee are recorded in this book with a log number.
- The results of the Committee's meetings are issued as an official report and the assessments and decisions of the Committee are submitted to the Board of Directors within at least one month following the relevant meeting of the Committee.
- The decisions of the Committee take effect upon the approval of the Board of Directors.
- The Corporate Governance Committee immediately submits its findings, assessments and suggestions on the area of its work and responsibility to the Board of Directors in writing.
- The Corporate Governance Committee may invite other people to its meetings as needed to get their opinions on a subject.
- The Investor Relations Unit/Department determines the agenda of the meetings, makes the calls for the meetings, ensures the communication within the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee.
- The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.
- Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is provided by the Company.
- The members of the Corporate Governance Committee conduct their duties within the framework of the principles of independence and neutrality.

#### Article 6 Validity

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

#### Relevant Decisions of the Board of Directors

Decision	Validity	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All

During 2015, the Corporate Governance Committee has met six times and taken five decisions. In its meetings, the Corporate Governance Committee has reviewed and assessed the following issues:

- The report on compliance with the corporate governance principles prepared by the Company to cover the 2014 activity period has been examined and submitted to the Board of Directors.
- The increase in the remunerations of the Company's employees in 2015 was determined and submitted to the approval of the Board of Directors.
- The distribution of roles within the Committee was determined and the chairman of the committee was selected.
- The offers for the candidates to the Independent Board Members who will take place in the Board of Directors have been assessed by considering whether or not the candidates bear the independence criteria and the report for the independent board members was submitted to the Board of Directors.
- The operation and efficiency of the Investors Relations Unit was discussed, and it was established that due procedures were pursued during informing the investors and making disclosures to the public.
- It was established that due procedures were pursued on the subject of the implementation of the Corporate





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

Governance Principles and that there were no significant complaints sent by the stakeholders to the Company.

- Given the emphasis of the Company on Corporate Governance Principles and its resolution to carry out these principles in a continuous and dynamic process, it was decided that a study be conducted about the subjects which were pointed out as possible subjects that may lead to an increase in the Company's rating in Corporate Governance and be submitted to the approval of the Board of Directors.

**Early Detection of Risk Committee**

The two-member Early Detection of Risk 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 Early Detection of Risk Committee have been approved and put into effect by our Board of Directors, and the committee is working within the frame of these principles.

**Regulation for Early Detection of Risk Committee****Article 1 Purpose and Scope**

This Regulation covers the establishment of the Early Detection of Risk Committee and regulation of the duties and responsibilities as well as the operation procedures and principles of this Committee in order to ensure the Board of Directors fulfills its duties and responsibilities in the area of risk management in a well manner.

**Article 2 Justification**

This Regulation has been prepared based on the Article 378 of the Turkish Commercial Code and the Corporate Governance Communiqué published by the Capital Markets Board.

**Article 3 Establishment of the Early Detection of Risk Committee**

Early Detection of Risk Committee is established comprising at least two members to be elected from among the members of the Board of Directors.

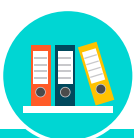
Committee members elect a Chairman from among them. The Committee's Chairman should be elected from among the independent members of the Board of Directors. Persons who are not members of the Board of Directors but specialized on their areas can become members of the Committee.

Both members of the Committee have to be independent members of the Board of Directors if the Committee is consisted of two members, and majority of the Committee members should be independent if the Committee is consisted of more than two members. General Manager cannot be a member of the Committee.

The membership to the Early Detection of Risk Committee ends upon the termination of the Board membership of the relevant member, if applicable.

**Article 4 Duties and Responsibilities of the Early Detection of Risk Committee**

- Early Detection of Risk Committee conducts works aimed at early perception of risks that may imperil the existence, development and sustenance of the Company; taking the required measures regarding the identified risks; and management of such risks.
- It submits in writing to the Board of Directors its suggestions and opinions regarding the establishment and development of the Company's risk management system capable of minimizing the effects of the risks for all stakeholders including mainly the shareholders.
- It reviews the Company's risk management system at least once a year.
- It supervises the realization of the risk management applications in accordance with the decisions of the Board of





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

Directors and the Committee.

- It reviews the determinations and assessments regarding the risk management that will be included to the Company's annual activity report.
- Early Detection of Risk Committee also fulfills other duties and responsibilities in its area of responsibility as may be assigned to it by the Board of Managers.

#### Article 5 Operation Principles and Procedures of Early Detection of Risk Committee

- Early Detection of Risk Committee meets at least every three months and at least four times a year.
- The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.
- The Committee keeps a minute book where the decisions taken are recorded with a separate log number.
- The results of the Committee's meetings are issued as a official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.
- The Committee's decisions take effect upon the approval of the Board of Directors.
- The Early Detection of Risk Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.
- Early Detection of Risk Committee may invite other persons to its meetings and take their opinions as it may deem necessary.
- Setting the agenda of the Committee's meeting, making calls for the meeting, ensuring the communication with the Committee members, keeping the minute book and other secretarial works of the Committee are performed by the unit in charge of the risk management.
- All kinds of resources and support needed during the Committee's fulfilment of its duty are provided by the Board of Directors.
- The Committee may benefit from the opinions of the independent experts as it may need regarding its activities subject to the approval of the Board of Directors. The fee of the consultancy service needed by the Committee is paid by the Company.
- The members of the Early Detection of Risk Committee fulfill their duties in compliance with the principles of independence and neutrality.

#### Article 6 Validity

The provisions of this Regulation take effect on the date of their approval by the Board of Directors and are executed by the Board of Directors.

#### Relevant Board Decisions

Decision	Validity	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All

During 2015, the Early Detection of Risk Committee has met eight times and has taken nine decisions. In its meetings, the Committee has reviewed and assessed the following issues:

- The distribution of roles within the Committee was determined and the chairman of the committee was selected.
- Periodical risk reports prepared by the Risk Management Unit have been assessed by the Committee; it was established that the risks provided in the reports were within the limits of individual risks and total risks as laid down by the Board of Directors; and these reports were submitted to the information of the Board of Directors.
- Risk management systems have been reviewed and relevant works have been conducted and submitted to the Board of Directors regarding the updating of the risk management strategies and policies as will be pursued by the Company for the purpose of implementation of the required actions and management of the risks.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE PRINCIPLES

As per the principle no. 4.5.3 of the Corporate Governance Principles, all members of the Audit Committee are Independent Directors. Chairman of Early Risk Detection 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.

Intra-company applications and audits will performed by the Internal Audit, Internal Control and Risk Management units. Early Detection of Risks Committee regularly reviews the processes related with the measurement, assessment and management of risks, and report its activities to the Board of Directors on a monthly basis. Additionally, Audit Committee also monitors the efficiency of the Company's risk management and internal control activities and reports its findings 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

All rights, interests and remunerations given to the Company's employees as well as the criteria used in determination thereof have been identified by the pricing policy and submitted to the information of the partners as a separate article in the general assembly meeting, and are published in the Company's website.

The amounts of remunerations paid to the Directors are determined by the General Assembly. No fringe benefits or fees other than remunerations are paid to the Directors. 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 2015, a total sum of 1.031 thousand TL has been paid to the members of board of directors.

Top executives of the Company are paid a bonus payment once a year in addition to their remuneration. Additionally, the Company's top executives are assigned an official company car plus a mobile phone. The total of the remunerations and other benefits offered to the top executives stood at TL 2.253 thousand in 2015.

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.



# DECLARATION OF INTERNAL CONTROL ENVIRONMENT

## Declaration of Audit Committee on Internal Control Environment

İş Leasing has regulated the fundamental duties, authorities and responsibilities regarding its risk management and internal control activities via the "Internal Control, Risk Management and Internal Audit Activities Procedure", approved and released by the Board of Directors. The Board of Directors has appointed the Audit Committee to monitor, evaluate and manage the activities carried out under internal control and internal audit procedures.

The internal control system of the company targets to establish and maintain a company-wide internal control culture internalized by all employees, as a contributing approach covering all operations. The internal audit system on the other hand, comprises the identification and application of precautions designed to eliminate factors threatening, endangering or having the probability to endanger assets, data, information and personnel safety; and to ensure the compliance of company operations to legal and internal regulations. Through its risk based audit approach, the Internal Audit and Risk Management Department, which is reporting to the Board of Directors via the Audit Committee, assures the implementation of above referred actions by contributing to the formation, development and improvement of a company-wide risk culture.

The procedures regarding company operations, work flows, segregation of duties, authorizations and limits are continually reviewed and updated in parallel with changing conditions, risks and needs. Activity work flows incorporate complete and adequate controls addressing identified risks, hereby allowing a controlled execution of operations. Functional segregation of duties, transaction approval authorizations and limits, system controls, post transaction controls and other transaction specific controls ensure the execution of activities continuously in an efficient, correct and safe manner.

The facts, arguments and suggestions determined through the auditing activity of the Internal Audit and Risk Management Department are first communicated and evaluated with the related executing parties. By this token, preemptive and complementary measures are implemented swiftly while accommodating and applicable solutions are introduced. All this activity is monitored closely and evaluated by the Internal Audit and Risk Management Department as well as the executing parties.

The Audit Committee periodically evaluates the effectiveness of the internal control system and the results of internal control activities through internal audit reports prepared by the Internal Audit and Risk Management Department; and shares its suggestions regarding the measures to be taken in relation to the reported findings with the Board of Directors. In the light of all these considerations, the Committee has not detected any downside effect regarding the efficiency of company's internal control system and results of internal control operations, and has concluded that it is duly acted.

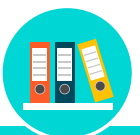
İstanbul, 27 January 2016



President of Audit Committee and Board Member  
M. Hakan BERUMENT



Audit Committee and Board Member  
M. Baha KARAN



# AGENDA OF THE GENERAL ASSEMBLY

## CONCERNING THE ORDINARY ASSEMBLY MEETING OF İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ TO BE HELD ON 25 MARCH 2016

### AGENDA

1. Opening and forming of the meeting's Presidential Board;
2. Reading and discussing the Board of Directors' Annual Report, Declaration of Compliance on Corporate Governance Principles and Independent Auditor Report relating to 2015 activities and operations;
3. Reading, discussing and approval of Financial Statements of 2015;
4. Release of the Directors;
5. Discussing and deciding the Profit Distribution Proposal of the Board of Directors, determining the Profit Distribution Date;
6. Election of Directors and determination of their term of office, and information of the shareholders about the outside duties and jobs of the Directors and their justification, according to the existing registered Articles of Association;
7. Determination of remunerations payable to the Directors;
8. Giving permission to persons named by the relevant applicable laws for performance of the transactions referred to in articles 395 and 396 of the Turkish Commercial Code;
9. Giving information about the transactions mentioned in article 1.3.6 of the Corporate Governance Principles;
10. Election of Independent Audit Firm;
11. Presentation to the General Assembly of Shareholders for approval purposes of the amendments proposed in Article 6 of the Articles of Association of the Company and permitted by the Capital Markets Board and Republic of Turkey, Ministry of Customs and Trade;
12. Informing the General Assembly about the donations made in 2015;
13. Determination of the upper limit for donations to be made within the year 2016 pursuant to 5<sup>th</sup> paragraph of article 19 of the Capital Markets Law;

**Venue of Meeting:** İş Kuleleri, Kule 1, Kat 41

34330 4.Levent – İstanbul

**Date of Meeting:** 25 March 2016, 10:00 hours



# AMENDED DRAFT OF THE ARTICLES OF ASSOCIATION

## Former Text

### Capital and the type of Shares

#### Article 6

The Company has adopted the registered capital system as per Code No. 2499 and implemented such system with approval of the Capital Markets Board dated 04.07.2000, No. 73/1159.

The registered capital ceiling of the Company is TL 600.000.000.-, consisting of 60.000.000.000 number of shares with a nominal value of Kuruş (Kr) 1 each.

The issued capital of the Company is TL 530.302.645.- which is divided into 600.000.000 Group (A) registered shares each with a nominal value of 1 Kr per share, and 52.430.264.500 Group (B) registered shares each with a nominal value of 1 Kr per share.

The issued capital has been fully paid free from any simulation. New shares cannot be issued unless and until the issued shares are fully sold and paid for, or the unsold shares are cancelled.

The permission for the registered capital ceiling granted by the Capital Markets Board is valid through 2011 and 2015 (5 years). Even if the registered capital ceiling is not reached at the end of year 2015, in order for the Board of Directors to decide on a capital increase after 2015, the Board must be authorized for an additional period by the General Assembly either for the previously determined ceiling or for a new ceiling, each of which to be previously approved by the Capital Markets Board. The company shall be deemed to have exited from the registered capital system in case the authorization is not granted.

In capital increases, Group (A) registered shares are not issued. Holders of Group "A" registered shares are allocated Group (B) registered shares against their existing Group (A) shares in capital increases.

## New Text

### Capital and the type of Shares

#### Article 6

The Company has adopted the registered capital system as per **Capital Market Law** and implemented such system with approval of the Capital Markets Board dated 04.07.2000, No. 73/1159.

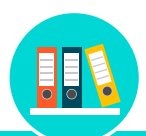
The registered capital ceiling of the Company is TL **1.200.000.000.-**, consisting of **120.000.000.000** number of shares with a nominal value of Kuruş (Kr) 1 each.

The issued capital of the Company is TL 530.302.645.- which is divided into 600.000.000 Group (A) registered shares each with a nominal value of 1 Kr per share, and 52.430.264.500 Group (B) registered shares each with a nominal value of 1 Kr per share.

The issued capital has been fully paid free from any simulation. New shares cannot be issued unless and until the issued shares are fully sold and paid for, or the unsold shares are cancelled.

The permission for registered capital ceiling given by the Capital Markets Board is valid for (5 years) between **2016 and 2020**. Even if the registered capital ceiling is not reached at the end of **2020**, the board of directors may take a decision of capital increase after the year **2020** only **if and when the board of directors is authorized by the general assembly of shareholders for a new term up to five years**, by getting permission from the Capital Markets Board for the previously permitted ceiling or for a new ceiling amount. **If the such authorization is not received, capital cannot be increased by a decision of the board of directors.**

In capital increases, Group (A) registered shares are not issued. Holders of Group "A" registered shares are allocated Group (B) registered shares against their existing Group (A) shares in capital increases.



## AMENDED DRAFT OF THE ARTICLES OF ASSOCIATION

**Former Text**

The Board of Directors of the Company are entitled to issue nominal Group (B) shares with a value up to the ceiling of its registered capital whenever it deems necessary between 2011 and 2015, and to increase the amount of its issued capital in accordance with the provisions of the Capital Markets Law.

According to rules of registration, shares representing the Company's capital are monitored on a registered basis. Transfer of shares is free, without prejudice to the pertinent articles of the Turkish Commercial Code, and regulations of the Banking Regulation and Supervision Agency, and Capital Markets laws and regulations, and provisions of this Articles of Association.

If and when the Company or its affiliates purchase or pledge the shares of the Company within the frame of the Turkish Commercial Code and the Capital Markets laws and regulations, then and in this case, the Capital Markets laws and regulations and other applicable regulations will be complied with, and the public disclosures will be made as and when required.

**Former Text**

The Board of Directors of the Company are entitled to issue nominal Group (B) shares with a value up to the ceiling of its registered capital whenever it deems necessary between **2016 and 2020**, and to increase the amount of its issued capital in accordance with the provisions of the Capital Markets Law.

According to rules of registration, shares representing the Company's capital are monitored on a registered basis. Transfer of shares is free, without prejudice to the pertinent articles of the Turkish Commercial Code, and regulations of the Banking Regulation and Supervision Agency, and Capital Markets laws and regulations, and provisions of this Articles of Association.

If and when the Company or its affiliates purchase or pledge the shares of the Company within the frame of the Turkish Commercial Code and the Capital Markets laws and regulations, then and in this case, the Capital Markets laws and regulations and other applicable regulations will be complied with, and the public disclosures will be made as and when required.



# PROFIT DISTRIBUTION PROPOSAL

PROFIT DISTRIBUTION PROPOSAL			
İŞ FİNANSAL KİRALAMA A.Ş. 2015 Profit Distribution Table (Thousand TL)			
1. Paid in/Issued Share Capital			530.303
2. General Legal Reserves (According to Statutory Records)			25.846
Information on profit distribution privileges according to Articles of Association			
		As per SPK	As per Statutory Books
3.	Profit for the Period	104.517	97.518
4.	Taxes ( - ) (**)	(22.514)	(16.037)
5.	Net Profit for the Period ( = )	82.003	81.481
6.	Previous Years' Losses ( - )	-	-
7.	General Legal Reserve ( - )	(4.074)	(4.074)
8.	NET DISTRIBUTABLE PROFIT ( = )	77.929	77.407
9.	Donation Made During the Year ( + )	-	
10.	Net Distributable Profit determined with the addition of donations made during the year	77.929	
11.	First Dividend to Shareholders	72.000	
	-Cash	2.000	
	-Stocks	70.000	
	- Total	72.000	
12.	Dividends to Holders of Preferred Shares	-	
13.	Other Dividend -To Board of Directors, -To Employees, -To Persons other than Shareholders	-	
14.	Dividend to Holders of Usufruct Shares	-	
15.	Second Dividend to Shareholders	-	
16.	General Legal Reserves	-	
17.	Statutory Reserves	-	-
18.	Other Reserves	-	-
19.	EXTRAORDINARY RESERVES	5.929	5.407
20.	Other Sources Planned to be Distributed (*)	18.000	

(\*)It was decided to distribute 18.000 thousand TL from extraordinary reserves of Company.

(\*\*)2.488 thousand TL of deferred taxation expense included in our statutory profit for the year 2015 will be deducted from deferred tax classified in extraordinary reserves which will not be distributed.

## İŞ FİNANSAL KİRALAMA A.Ş. 2015 DIVIDEND RATE TABLE

	GROUP	TOTAL DIVIDEND		TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND FOR EACH 1 TL NOMINAL SHARE	
		CASH (THOUSAND TL)	BONUS (TOHUSAND TL)	RATE (%)	AMOUNT (TOHUSAND TL)	RATE (%)
GROSS	A					
	B					
	TOTAL	20.000	70.000	%115	0,16971	16,97144



## BOARD DECISION REGARDING FINANCIAL STATEMENTS

VERY CONFIDENTIAL

İstanbul, 27 January 2016

**To the Board of Directors of İŞ FİNANSAL KİRALAMA A.Ş.**

I submit the subjects regarding the approval and disclosure of the audited consolidated financial statements and notes for the period 01.01.2015-31.12.2015 for your approval.

Best Regards,

Hasan K. Bolat  
General Manager

It is decided to admit the Head Office's proposal above.

**Decision No:** 2314

**Decision Date:** 27.01.2016

Suat İNCE  
Chairman

Ozan GÜRSOY  
Vice President

Burak AKGÜÇ  
Member

M. Hakan BERUMENT  
Member

M. Baha KARAN  
Member

Hasan K. BOLAT  
Member

Soner BENLİ  
Member

Bahattin ÖZARSLANTÜRK  
Member

O.Tufan KURBANOĞLU  
Member

Z. Hansu UÇAR  
Member

Ünal ÇAKMAK  
Member





## AUDIT COMMITTEE DECISION

**İŞ FİNANSAL KİRALAMA A.Ş. AUDIT COMMITTEE****Decision No: 102**

**Decision Date** : 27.01.2016  
**Decision No** : 2016.102  
**Meeting Hour** : 10:00  
**Agenda Item No** : 1

**Subject : Regarding financial statements of the period 01.01.2015 – 31.12.2015**

We confirm that the consolidated financial statements and footnotes of the Company pertaining to the period 01.01.2015 – 31.12.2015 which have been subject to an independent audit are accurate and that they have been prepared in accordance with the relevant legislation as well as with generally accepted accounting principles and standards. We have also consulted with the executives in charge of the company during our audit. We deem it appropriate to submit the said financial statements and their footnotes to the Board of Directors for approval and public disclosure.

M. Hakan BERUMENT  
Chairman of Committee

Mehmet Baha KARAN  
Member





## FINANCIAL STATEMENTS

**İş Finansal Kiralama  
Anonim Şirketi and Its Subsidiary  
Consolidated Financial Statements  
As at and for the year ended  
31 December 2015**

Akis Bağımsız Denetim ve Serbest Muhasebeci  
Mali Müşavirlik Anonim Şirketi

27 January 2016

This report contains “Independent Auditors’ Report”  
comprising 2 pages and the “Consolidated Financial  
Statements and Their Explanatory Notes” comprising  
77 pages.



**Convenience Translation of the Independent Auditors' Report**  
**Originally Prepared and Issued in Turkish to English**

**To the Board of Directors of İş Finansal Kiralama Anonim Şirketi,**  
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of İş Finansal Kiralama A.Ş. ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies" published in the Official Gazette numbered 28861 dated 24 December 2013 and "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies", communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

*We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.*

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

## Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 27 January 2016.

Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

*Funda Aslanoğlu, SMMM*

*Partner*

*İstanbul, 27 January 2016*

Additional paragraph for convenience translation to English

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET) AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH</b>		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	<b>4</b>	<b>5.853</b>	<b>4.536</b>	<b>10.389</b>	<b>663</b>	<b>21.386</b>	<b>22.049</b>
2.1 Financial Assets Held for Trading		4.670	-	4.670	459	-	459
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3 Derivative Financial Assets Held for Trading		1.183	4.536	5.719	204	21.386	21.590
<b>III. BANKS</b>	<b>5</b>	<b>1.578</b>	<b>224.146</b>	<b>225.724</b>	<b>1.739</b>	<b>178.478</b>	<b>180.217</b>
<b>IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>6</b>	<b>22.919</b>	-	<b>22.919</b>	<b>22.382</b>	-	<b>22.382</b>
<b>VI. FACTORING RECEIVABLES</b>	<b>7</b>	<b>1.612.297</b>	<b>333.480</b>	<b>1.945.777</b>	<b>1.203.168</b>	<b>230.042</b>	<b>1.433.210</b>
6.1 Discounted Factoring Receivables		433.174	-	433.174	469.711	-	469.711
6.1.1 Domestic		444.050	-	444.050	481.987	-	481.987
6.1.2 Foreign		-	-	-	-	-	-
6.1.3 Unearned Income (-)		(10.876)	-	(10.876)	(12.276)	-	(12.276)
6.2 Other Factoring Receivables		1.179.123	333.480	1.512.603	733.457	230.042	963.499
6.2.1 Domestic		1.179.123	-	1.179.123	733.457	-	733.457
6.2.2 Foreign		-	333.480	333.480	-	230.042	230.042
<b>VII. FINANCING LOANS</b>		-	-	-	-	-	-
7.1 Retail Loans		-	-	-	-	-	-
7.2 Credit Loans		-	-	-	-	-	-
7.3 Instalment Commercial Loans		-	-	-	-	-	-
<b>VIII. LEASE RECEIVABLES</b>	<b>8</b>	<b>1.152.834</b>	<b>2.096.392</b>	<b>3.249.226</b>	<b>943.497</b>	<b>1.842.295</b>	<b>2.785.792</b>
8.1 Lease Receivables		1.130.833	2.049.314	3.180.147	903.331	1.785.267	2.688.598
8.1.1 Finance Lease Receivables		1.368.549	2.298.104	3.666.653	1.109.417	2.054.247	3.163.664
8.1.2 Operational Lease Receivables		-	-	-	-	-	-
8.1.3 Unearned Income (-)		(237.716)	(248.790)	(486.506)	(206.086)	(268.980)	(475.066)
8.2 Leasing Contracts in Progress		17.869	19.649	37.518	23.443	21.492	44.935
8.3 Advances Given for Lease Transactions		4.132	27.429	31.561	16.723	35.536	52.259
<b>IX. OTHER RECEIVABLES</b>	<b>15</b>	<b>3.303</b>	<b>2.297</b>	<b>5.600</b>	<b>2.936</b>	<b>2.181</b>	<b>5.117</b>
<b>X. NON-PERFORMING RECEIVABLES</b>	<b>7, 8</b>	<b>40.699</b>	<b>2.673</b>	<b>43.372</b>	<b>28.244</b>	<b>27.004</b>	<b>55.248</b>
10.1 Non-Performing Factoring Receivables		36.640	-	36.640	24.348	-	24.348
10.2 Non-Performing Financing Loans		-	-	-	-	-	-
10.3 Non-Performing Lease Receivables		138.479	8.003	146.482	88.750	46.640	135.390
10.4 Specific Provisions (-)		(134.420)	(5.330)	(139.750)	(84.854)	(19.636)	(104.490)
<b>XI. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>		-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Net Foreign Investment Hedges		-	-	-	-	-	-
<b>XII. INVESTMENTS HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>XIII. SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XIV. ASSOCIATES (Net)</b>		-	-	-	-	-	-
<b>XV. JOINT VENTURES (Net)</b>		-	-	-	-	-	-
<b>XVI. TANGIBLE ASSETS (Net)</b>	<b>10</b>	<b>17.135</b>	-	<b>17.135</b>	<b>17.855</b>	-	<b>17.855</b>
<b>XVII. INTANGIBLE ASSETS (Net)</b>	<b>11, 12</b>	<b>1.752</b>	-	<b>1.752</b>	<b>1.023</b>	-	<b>1.023</b>
17.1 Goodwill		166	-	166	166	-	166
17.2 Other Intangibles		1.586	-	1.586	857	-	857
<b>XVIII. PREPAID EXPENSES</b>	<b>15</b>	<b>21.455</b>	-	<b>21.455</b>	<b>19.131</b>	-	<b>19.131</b>
<b>IXX. CURRENT PERIOD TAX ASSETS</b>		<b>18</b>	-	<b>18</b>	<b>37</b>	-	<b>37</b>
<b>XX. DEFERRED TAX ASSETS</b>	<b>13</b>	<b>33.418</b>	-	<b>33.418</b>	<b>36.002</b>	-	<b>36.002</b>
<b>XXI. OTHER ASSETS</b>	<b>15</b>	<b>1.903</b>	<b>93</b>	<b>1.996</b>	<b>1.752</b>	<b>35</b>	<b>1.787</b>
<b>SUBTOTAL</b>		<b>2.915.164</b>	<b>2.663.617</b>	<b>5.578.781</b>	<b>2.278.429</b>	<b>2.301.421</b>	<b>4.579.850</b>
<b>XXII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>2.057</b>	-	<b>2.057</b>	<b>572</b>	-	<b>572</b>
22.1 Assets Held For Sale		2.057	-	2.057	572	-	572
22.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>2.917.221</b>	<b>2.663.617</b>	<b>5.580.838</b>	<b>2.279.001</b>	<b>2.301.421</b>	<b>4.580.422</b>

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET) AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES	Notes	Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
		TL	FC	TOTAL	TL	FC	TOTALI.
<b>I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>4</b>	-	<b>68.471</b>	<b>68.471</b>	<b>1.197</b>	<b>35.429</b>	<b>36.626</b>
<b>II. FUNDS BORROWED</b>	<b>16</b>	<b>1.752.054</b>	<b>1.967.404</b>	<b>3.719.458</b>	<b>1.784.766</b>	<b>1.602.775</b>	<b>3.387.541</b>
<b>III. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IV. LEASE OBLIGATIONS</b>	<b>18</b>	-	-	-	-	-	-
4.1 Finance Lease Obligations		-	-	-	-	-	-
4.2 Operational Lease Obligations		-	-	-	-	-	-
4.3 Other		-	-	-	-	-	-
4.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
<b>V. DEBT SECURITIES ISSUED (Net)</b>	<b>19</b>	<b>941.201</b>	-	<b>941.201</b>	<b>403.422</b>	-	<b>403.422</b>
5.1 Bills		686.567	-	686.567	98.367	-	98.367
5.2 Asset-Backed Securities		-	-	-	-	-	-
5.3 Bonds		254.634	-	254.634	305.055	-	305.055
<b>VI. MISCELLANEOUS PAYABLES</b>	<b>17</b>	<b>9.536</b>	<b>40.246</b>	<b>49.782</b>	<b>17.473</b>	<b>21.054</b>	<b>38.527</b>
<b>VII. OTHER LIABILITIES</b>	<b>17</b>	<b>11.158</b>	<b>25.596</b>	<b>36.754</b>	<b>13.071</b>	<b>22.806</b>	<b>35.877</b>
<b>VIII. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>		-	-	-	-	-	-
8.1 Fair Value Hedges		-	-	-	-	-	-
8.2 Cash Flow Hedges		-	-	-	-	-	-
8.3 Net Foreign Investment Hedges		-	-	-	-	-	-
<b>IX. TAXES AND DUTIES PAYABLE</b>	<b>20</b>	<b>2.861</b>	-	<b>2.861</b>	<b>1.465</b>	-	<b>1.465</b>
<b>X. PROVISIONS</b>	<b>21, 22</b>	<b>6.665</b>	<b>2.723</b>	<b>9.388</b>	<b>6.214</b>	<b>2.245</b>	<b>8.459</b>
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserves For Employee Benefits		5.993	-	5.993	5.441	-	5.441
10.3 Other Provisions		672	2.723	3.395	773	2.245	3.018
<b>XI. DEFERRED INCOME</b>		<b>9</b>	-	<b>9</b>	-	-	-
<b>XII. CURRENT PERIOD TAX LIABILITY</b>	<b>23</b>	<b>14.506</b>	-	<b>14.506</b>	<b>1.686</b>	-	<b>1.686</b>
<b>XIII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>SUBTOTAL</b>		<b>2.737.990</b>	<b>2.104.440</b>	<b>4.842.430</b>	<b>2.229.294</b>	<b>1.684.309</b>	<b>3.913.603</b>
<b>XV. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS</b>	-	-	-	-	-	-	-
15.1 Held For Sale		-	-	-	-	-	-
15.2 Discontinued Operations		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>738.408</b>	-	<b>738.408</b>	<b>666.819</b>	-	<b>666.819</b>
16.1 Paid-in Capital	<b>25</b>	530.303	-	530.303	461.503	-	461.503
16.2 Capital Reserves	<b>25</b>	1.938	-	1.938	1.938	-	1.938
16.2.1 Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.938	-	1.938	1.938	-	1.938
16.3 Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss	<b>25</b>	217	-	217	283	-	283
16.4 Accumulated Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	<b>25</b>	1.746	-	1.746	2.243	-	2.243
16.5 Profit Reserves	<b>26</b>	100.484	-	100.484	105.652	-	105.652
16.5.1 Legal Reserves		28.133	-	28.133	24.202	-	24.202
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		72.351	-	72.351	81.450	-	81.450
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		82.003	-	82.003	78.632	-	78.632
16.6.1 Prior Periods Profit/Loss		-	-	-	146	-	146
16.6.2 Current Period Profit/Loss		82.003	-	82.003	78.486	-	78.486
16.7 Non-Controlling Interests	<b>24</b>	21.717	-	21.717	16.568	-	16.568
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3.476.398</b>	<b>2.104.440</b>	<b>5.580.838</b>	<b>2.896.113</b>	<b>1.684.309</b>	<b>4.580.422</b>

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OFF BALANCE SHEET ITEMS AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

OFF-BALANCE SHEET ITEMS		Notes	Audited Current Period			Audited Prior Period		
			31 December 2015			31 December 2014		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>IRREVOCABLE FACTORING TRANSACTIONS</b>		<b>50.022</b>	<b>14.269</b>	<b>64.291</b>	<b>88.602</b>	<b>11.940</b>	<b>100.542</b>
<b>II.</b>	<b>REVOCABLE FACTORING TRANSACTIONS</b>		<b>224.007</b>	<b>10.827</b>	<b>234.834</b>	<b>140.182</b>	<b>15.789</b>	<b>155.971</b>
<b>III.</b>	<b>COLLATERALS RECEIVED</b>	<b>40</b>	<b>3.057.628</b>	<b>772.823</b>	<b>3.830.451</b>	<b>2.596.710</b>	<b>575.068</b>	<b>3.171.778</b>
<b>IV.</b>	<b>COLLATERALS GIVEN</b>	<b>28</b>	<b>12.076</b>	<b>-</b>	<b>12.076</b>	<b>4.914</b>	<b>-</b>	<b>4.914</b>
<b>V.</b>	<b>COMMITMENTS</b>		<b>51.193</b>	<b>115.364</b>	<b>166.557</b>	<b>116.755</b>	<b>122.237</b>	<b>238.992</b>
5.1	Irrevocable Commitments		14.131	38.963	53.094	66.638	32.590	99.228
5.2	Revocable Commitments		37.062	76.401	113.463	50.117	89.647	139.764
5.2.1	Lease Commitments		37.062	76.401	113.463	50.117	89.647	139.764
5.2.1.1	Finance Lease Commitments		37.062	76.401	113.463	50.117	89.647	139.764
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>679.444</b>	<b>729.623</b>	<b>1.409.067</b>	<b>1.054.071</b>	<b>1.061.946</b>	<b>2.116.017</b>
6.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	28	679.444	729.623	1.409.067	1.054.071	1.061.946	2.116.017
6.2.1	Forward Foreign Currency Purchases/Sales	28	5.829	5.815	11.644	8.230	7.275	15.505
6.2.2	Swap Purchases/Sales	28	673.615	723.808	1.397.423	1.045.841	1.054.671	2.100.512
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
<b>VII.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>279.600</b>	<b>33.644</b>	<b>313.244</b>	<b>219.337</b>	<b>6.195</b>	<b>225.532</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>			<b>4.353.970</b>	<b>1.676.550</b>	<b>6.030.520</b>	<b>4.220.571</b>	<b>1.793.175</b>	<b>6.013.746</b>

The accompanying notes are an integral part of these consolidated financial statements.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR**  
**ENDED 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INCOME STATEMENT			Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
	Notes			
<b>I. OPERATING INCOME</b>	<b>31</b>		<b>399.331</b>	<b>275.815</b>
<b>FACTORING INCOME</b>			<b>134.492</b>	<b>89.248</b>
1.1 Factoring Interest Income			124.856	82.528
1.1.1 Discounted			46.447	36.765
1.1.2 Other			78.409	45.763
1.2 Factoring Commission Income			9.636	6.720
1.2.1 Discounted			2.950	2.729
1.2.2 Other			6.686	3.991
<b>LEASE INCOME</b>			<b>264.839</b>	<b>186.567</b>
1.3 Finance Lease Income			264.839	186.567
1.4 Operational Lease Income			-	-
1.5 Fees and Commission Income on Lease Operations			-	-
<b>II. FINANCING EXPENSES (-)</b>	<b>34</b>		<b>(284.800)</b>	<b>(200.485)</b>
2.1 Interest Expense on Funds Borrowed			(204.585)	(164.770)
2.2 Interest Expense on Factoring Payables			-	-
2.3 Interest Expense of Finance Leasing Expenses			-	-
2.4 Interest Expense on Securities Issued			(71.895)	(29.799)
2.5 Other Interest Expenses			-	-
2.6 Fees and Commissions Paid			(8.320)	(5.916)
<b>III. GROSS PROFIT / LOSS (I+II)</b>			<b>114.531</b>	<b>75.330</b>
<b>IV. OPERATING EXPENSES (-)</b>	<b>32</b>		<b>(46.916)</b>	<b>(40.340)</b>
4.1 Personal Expenses			(28.110)	(23.429)
4.2 Employee Severance Indemnity Expense			(558)	(378)
4.3 Research and Development Expenses			-	-
4.4 General Administration Expenses			(18.248)	(16.533)
4.5 Other			-	-
<b>V. GROSS OPERATING PROFIT / LOSS (III+IV)</b>			<b>67.615</b>	<b>34.990</b>
<b>VI. OTHER OPERATING INCOME</b>	<b>33</b>		<b>315.365</b>	<b>179.796</b>
6.1 Interest Income on Bank Deposits			6.489	6.073
6.2 Interest Income on Reverse Repurchase Agreements			-	-
6.3 Interest Income on Securities Portfolio			129	30
6.3.1 Interest Income on Financial Assets Held for Trading			129	30
6.3.2 Interest Income on Financial Assets at Fair Value Through Profit or Loss			-	-
6.3.3 Interest Income on Financial Assets Available For Sale			-	-
6.3.4 Interest Income on Financial Assets Held to Maturity			-	-
6.4 Dividend Income			3.800	2.447
6.5 Trading Account Income			138.069	141.873
6.5.1 Income From Derivative Financial Instruments			138.069	141.873
6.5.2 Other			-	-
6.6 Foreign Exchange Gains			151.062	10.626
6.7 Others			15.816	18.747
<b>VII. PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)</b>	<b>35</b>		<b>(48.482)</b>	<b>(39.938)</b>
<b>VIII. OTHER OPERATING EXPENSES (-)</b>	<b>36</b>		<b>(224.720)</b>	<b>(81.685)</b>
8.1 Impairment Losses on Securities Portfolio			-	(3)
8.1.1 Impairment Losses on Financial Assets at Fair Value Through Profit or Loss			-	(3)
8.1.2 Impairment Losses on Financial Assets Available For Sale			-	-
8.1.3 Impairment Losses on Financial Assets Held to Maturity			-	-
8.2 Impairment Losses on Non-Current Assets			(602)	-
8.2.1 Impairment Losses on Tangible Assets			(602)	-
8.2.2 Impairment Losses on Assets Held for Sale and Discontinued Operations			-	-
8.2.3 Impairment Losses on Goodwill			-	-
8.2.4 Impairment Losses on Other Intangible Assets			-	-
8.2.5 Impairment Losses on Subsidiaries, Associates and Joint Ventures			-	-
8.3 Losses From Derivative Financial Instruments			(220.598)	(78.226)
8.4 Foreign Exchange Losses			-	-
8.5 Other			(3.520)	(3.456)
<b>IX. NET OPERATING PROFIT / LOSS (V+.....+VIII)</b>			<b>109.778</b>	<b>93.163</b>
<b>X. INCOME RESULTED FROM MERGER</b>			-	-
<b>XI. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-
<b>XII. PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI)</b>			<b>109.778</b>	<b>93.163</b>
<b>XIII. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)</b>	<b>37</b>		<b>(22.514)</b>	<b>(12.989)</b>
13.1 Current Tax Charge			(19.913)	(4.712)
13.2 Deferred Tax Charge (-)			(2.601)	(8.277)
13.3 Deferred Tax Benefit (+)			-	-
<b>XIV. NET PROFIT FROM CONTINUING OPERATIONS (XII±XIII)</b>			<b>87.264</b>	<b>80.174</b>
<b>XV. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
15.1 Income from Assets Held for Sale			-	-
15.2 Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities			-	-
15.3 Other Income from Discontinued Operations			-	-
<b>XVI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
16.1 Expense on Assets Held for Sale			-	-
16.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities			-	-
16.3 Other Expenses from Discontinued Operations			-	-
<b>XVII. PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XV-XVII)</b>			-	-
<b>XVIII. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)</b>			-	-
18.1 Current Tax Charge			-	-
18.2 Deferred Tax Charge (-)			-	-
18.3 Deferred Tax Benefit (+)			-	-
<b>XIX. NET PROFIT FROM DISCONTINUED OPERATIONS (XVII+XVIII)</b>			-	-
<b>XX. NET PROFIT FOR THE PERIOD</b>			<b>87.264</b>	<b>80.174</b>
<b>20.1 NON-CONTROLLING INTERESTS</b>			<b>(5.261)</b>	<b>(1.688)</b>
<b>20.2 EQUITY HOLDERS OF THE COMPANY</b>			<b>82.003</b>	<b>78.486</b>
<b>EARNINGS PER SHARE</b>	<b>38</b>		<b>0,15</b>	<b>0,15</b>
Earnings Per Share from Continued Operations			0,15	0,15
Earnings Per Share from Discontinued Operations			-	-
<b>DILUTED EARNINGS PER SHARE</b>			<b>0,15</b>	<b>0,15</b>
Earnings Per Share from Continued Operations			0,15	0,15
Earnings Per Share from Discontinued Operations			-	-

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>87.264</b>	<b>80.174</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(675)</b>	<b>(1.993)</b>
<b>2.1 Items that will not be Reclassified to Profit or Loss</b>	<b>(66)</b>	<b>(45)</b>
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	(82)	(56)
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	16	11
2.1.5.1 Current Tax Income/Expense	-	-
2.1.5.2 Deferred Tax Income/Expense	16	11
<b>2.2 Items that may be Reclassified subsequently to Profit or Loss</b>	<b>(609)</b>	<b>(1.948)</b>
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2 Value Increases or Decreases on Assets Held for Sales	(609)	(1.948)
2.2.3 Cash Flow Hedge Income/Losses	-	-
2.2.4 Net Investment Hedge Income/Losses	-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6.1 Current Tax Income/Expense	-	-
2.2.6.2 Deferred Tax Income/Expense	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>86.589</b>	<b>78.181</b>

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN EQUITY	Nite	Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss						Extraordinary Reserves	Other Profit Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Net Current Period Profit/Loss	Non-Controlling Interest	Total Equity			
							1	2	3	4	5	6										
Prior Period (01.01 - 31.12.2014)																						
(Audited)																						
I. Balance at the Beginning of the Period (31.12.2013)		424,365	-	-	-	1,938	-	328	-	-	3,962	-	99,571	21,291	-	78,280	-	58,365	18,776	39,589	15,109	603,638
II. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I-II)		424,365	-	-	-	1,938	-	328	-	-	3,962	-	99,571	21,291	-	78,280	-	58,365	18,776	39,589	15,109	603,638
IV. Total Comprehensive Income		-	-	-	-	-	-	(45)	-	-	(1,719)	-	-	-	-	-	-	-	-	(229)	-	(1,983)
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from internal reserves		37,138	-	-	-	-	-	-	-	-	-	-	(37,138)	-	-	(37,138)	-	-	-	-	-	-
VII. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	43,219	2,911	-	3,170	78,486	(58,210)	(18,630)	-	1,688	80,174
12.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	(15,000)	-	-	(15,000)	-	-	-	-	-	(15,000)
12.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	58,219	2,911	-	18,170	(58,219)	(18,630)	-	-	-	(15,000)
12.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (31.12.2014)		461,503	-	-	-	1,938	-	283	-	-	2,243	-	105,652	24,202	-	81,450	-	78,632	146	78,486	16,568	666,819
Current Period (01.01 - 31.12.2015)																						
(Audited)																						
I. Balance at the Beginning of the Period (31.12.2014)		461,503	-	-	-	1,938	-	283	-	-	2,243	-	105,652	24,202	-	81,450	-	78,632	146	78,486	16,568	666,819
II. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I-II)		461,503	-	-	-	1,938	-	283	-	-	2,243	-	105,652	24,202	-	81,450	-	78,632	146	78,486	16,568	666,819
IV. Total Comprehensive Income		-	-	-	-	-	-	(66)	-	-	(497)	-	-	-	-	-	-	-	-	-	(112)	(675)
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from internal reserves		68,800	-	-	-	-	-	-	-	-	-	-	(68,800)	-	-	(68,800)	-	-	-	-	-	-
VII. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	63,632	3,931	-	(9,099)	82,003	(78,632)	(146)	-	5,261	87,264
12.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	(15,000)	-	-	(15,000)	-	-	-	-	-	(15,000)
12.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	78,632	3,931	-	5,901	(78,632)	(146)	-	-	-	(15,000)
12.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (31.12.2015)		530,303	-	-	-	1,938	-	217	-	-	1,746	-	100,484	28,133	-	72,351	-	82,003	-	82,003	21,717	738,408

1. Revaluation increases/decrease of property and equipment,
2. Employee benefits re-measuring income/losses,
3. Other comprehensive income components that will not be re-classified to profit/loss
4. Fair value changes of financial assets and liabilities for sale financial assets,
5. Net change in fair value of available for sale financial assets,
6. Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may be re-classified subsequently to profit/loss)

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Period	Audited Prior Period
		01.01-31.12.2015	01.01-31.12.2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets And Liabilities</b>		<b>169.512</b>	<b>80.567</b>
1.1.1 Interests Received/Lease Income		398.790	266.485
1.1.2 Interest Paid / Lease Expenses		(264.265)	(140.244)
1.1.3 Lease Expenses		-	-
1.1.4 Dividends Received		2.636	1.329
1.1.5 Fees and Commissions Received		9.636	6.720
1.1.6 Other Income		151.138	32.201
1.1.7 Collections from Non-performing Receivables	33	2.876	1.864
1.1.8 Payments to Personnel and Service Suppliers		(26.091)	(21.023)
1.1.9 Taxes Paid		(7.093)	(4.336)
1.1.10 Others		(98.115)	(62.429)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(629.168)</b>	<b>(295.906)</b>
1.2.1 Net (Increase) Decrease in Factoring Receivables		(516.967)	(492.378)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(144.989)	(686.760)
1.2.4 Net (Increase) Decrease in Other Assets		7.151	(36.995)
1.2.5 Net Increase (Decrease) in Factoring Payables		-	-
1.2.6 Net Increase (Decrease) in Lease Payables		-	-
1.2.7 Net Increase (Decrease) in Funds Borrowed		29.173	913.228
1.2.8 Net Increase (Decrease) in Due Payables		-	-
1.2.9 Net Increase (Decrease) in Other Liabilities		(3.536)	6.999
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>(459.656)</b>	<b>(215.339)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible and Intangible Assets	10, 11	(1.886)	(17.463)
2.4 Proceeds From Sale of Tangible and Intangible Assets	10	5	86
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Other		-	-
<b>II. Net cash used in investing activities</b>		<b>(1.881)</b>	<b>(17.377)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		1.154.518	345.504
3.2 Cash used for repayment of funds borrowed and securities issued		(631.830)	(150.000)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(15.000)	(15.000)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>III. Net Cash Used in Financing Activities</b>		<b>507.688</b>	<b>180.504</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>(569)</b>	<b>(425)</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>45.582</b>	<b>(52.637)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5</b>	<b>180.136</b>	<b>232.773</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	<b>5</b>	<b>225.718</b>	<b>180.136</b>

The accompanying notes are an integral part of these consolidated financial statements.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		Current Period 31 December 2015	Prior Period 31 December 014
<b>İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (**)</b>			
<b>I.</b>	<b>DISTRIBUTION OF CURRENT PERIOD PROFIT</b>		
1.1	CURRENT PERIOD PROFIT	104.517	91.475
1.2	TAXES AND DUES PAYABLE (-)	(22.514)	(12.989)
1.2.1	Corporate Tax (Income Tax)	(19.913)	(4.712)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and dues	(2.601)	(8.277)
<b>A.</b>	<b>NET PERIOD PROFIT (1.1 - 1.2)</b>	<b>82.003</b>	<b>78.486</b>
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVE (-)	-	(3.621)
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-) (*)	-	1
<b>B</b>	<b>DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)]</b>	<b>-</b>	<b>74.866</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	68.800
1.6.1	To Owners of Ordinary Shares (***)	-	68.800
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit /loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVE (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	6.065
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION FROM RESERVES</b>		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	15.000
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit /loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF STOCKS (TL)	0,1546	0,1700
3.2	TO OWNERS OF STOCKS ( % )	15,46%	17,00%
3.3	TO OWNERS OF PREFERRED STOCKS (TL)	-	-
3.4	TO OWNERS OF PREFERRED STOCKS ( % )	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF STOCKS (TL)	-	0,1816
4.2	TO OWNERS OF STOCKS ( % )	-	18,16%
4.3	TO OWNERS OF PREFERRED STOCKS (TL)	-	-
4.4	TO OWNERS OF PREFERRED STOCKS ( % )	-	-

1. (\*) Comprises of donations made by the Company that shall be added to distributable net period profit.

2. (\*\*) The Board of Directors has not made any decision regarding profit distribution for the year 2015.

3. (\*\*\*) The dividend amounting to TL 15.000 has been distributed in cash, the dividend amounting to TL 68.800 has been distributed in the form of bonus shares.

The accompanying notes are an integral part of these consolidated financial statements.



## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. ("the Company") was incorporated on 9 March 1988 to operate in Turkey in accordance with Finance Lease, Factoring and Financing Companies Law No: 6361. The core business of the Company is leasing operations, both domestic and abroad, and it started its leasing operations in July 1988. The head office of the Company is located at İş Kuleleri Kule:1 Kat:6 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Faktoring A.Ş. ("İş Faktoring") amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The Company owns 78,23% of this subsidiary and it has been consolidated in the accompanying financial statements.

The Company and its subsidiary run their operations in accordance with "Finance Lease, Factoring and Financing Companies Law" published on the Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies" of Banking Regulation and Supervision Agency ("BRSA").

The ultimate parent of the Company is Türkiye İş Bankası A.Ş.. The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with 28,56% participation. The Company's 42,67% of shares are publicly traded and listed on the Borsa İstanbul.

As at 31 December 2015, the Company and its subsidiary ("the Group") have 234 employees (31 December 2014: 222 employees).

##### Dividend Payable

As at 31 December 2015, the Company does not have any dividend payable.

##### Approval of the Financial Statements

The consolidated financial statements as at 31 December 2015 have been approved by the Board of Directors of the Company and authorized for issue as at 27 January 2016. The General Assembly and / or legal authorities have the discretion of making changes in the accompanying consolidated financial statements after their issuance.

#### 2. BASIS OF THE FINANCIAL STATEMENTS

##### 2.1 Basis of the Presentation

##### Accounting Standards Applied

The Group prepared accompanying financial statements due to the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" and the "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and Turkish Accounting Standards and Turkish Financial and Reporting Standards published by Public Oversight Accounting and Auditing Standards Institute (POAAS), and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency ("BRSA") in respect of accounting and financial reporting.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## **2. BASIS OF THE FINANCIAL STATEMENTS (Continued)**

### **2.1 Basis of the Presentation (Continued)**

#### Accounting Standards Applied (Continued)

The consolidated financial statements have been prepared on the historical cost basis, except for the financial instruments measured at fair value. Determination of historical cost is generally based on the fair value amount paid for the assets.

#### Additional Paragraph for Convenience Translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

#### Functional and Reporting Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

#### Preparation of Financial Statements in Hyperinflationary Periods

The consolidated financial statements of the Group have been adjusted for the effects of inflation in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" until 31 December 2004. By a circular issued on 28 April 2005, BRSA and by a decision taken on 17 March 2005, Capital Markets Board of Turkey ("CMB") declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore. Accordingly, non-monetary assets and liabilities, and components of equity as at 31 December 2015 were adjusted for the effects of inflation that lasted till 31 December 2004 for the items acquired before 31 December 2004 and the items which were acquired after 1 January 2005 were accounted for at their respective nominal amounts.

#### Comparative Information and Restatement of the Prior Periods' Consolidated Financial Statements

The Group's consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Group. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of the Presentation (Continued)

#### Accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Note 4 – Financial assets and liabilities at fair value through profit or loss

Note 7 – Factoring receivables

Note 8 – Lease receivables

Note 10 – Tangible assets

Note 13 – Deferred tax assets and liabilities

Note 21 – Provisions

Note 22 – Employee benefits

Note 28 – Commitments and contingencies

#### Basis of Consolidation

The details of the Group's subsidiary as at 31 December 2015 and 31 December 2014 are as follows:

<u>Subsidiary</u>	<u>Establishment and operation location</u>	<u>Shareholding rate %</u>	<u>Voting right rate %</u>	<u>Core business</u>
İş Faktoring	Istanbul	78,23	78,23	Factoring operations

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in "Subsidiaries" section below. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As at 31 December 2015 and 31 December 2014, the Company owns 78,23% of İş Faktoring. As the Company has the power to control the operations of the İş Faktoring, the financial statements of İş Faktoring have been fully consolidated in the accompanying consolidated financial statements.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of the Presentation (Continued)

#### Basis of Consolidation (Continued)

#### (ii) Transactions eliminated on consolidation

Financial statements of İş Factoring have been fully consolidated in the accompanying financial statements and the investment balance in the Company's statement of financial position have been eliminated against the paid-in capital of İş Factoring. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### (iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest in equity since the date of the combination.

#### Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 2.2 Changes in Accounting Policies

The group has changed the valuation method for tangible fixed assets and in accordance with Standards on Tangible assets (TAS 16) It has adopted the revaluation method in 2015. Appraisal value has been reflected in the financial statements. The financial statements are restated prospectively in accordance with the TAS 16. The effects of changes in accounting policy for the current period are as follows:

<b>Real Estate</b>	<b><u>31 December 2015</u></b>
Valuation at Cost (Net amount) :	TL 15.732
The effect of changes in accounting policy :	TL (602)
The fair value valuation :	TL 15.130

The other accounting policies applied for the year ended 31 December 2014 have been applied consistently for the year ended 31 December 2015 in preparing these financial statements.

### 2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current period.

Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**2. BASIS OF THE FINANCIAL STATEMENTS (Continued)**

**2.4 Changes in Standards and Interpretations**

The Group applied all of the relevant and required TAS as at 31 December 2015.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below;

**TFRS 9 - Financial instruments**

TFRS 9 - As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a. Revenue**

Finance lease income: Initial value of leased assets at the beginning of the leasing period under the Finance Lease, factoring and Financing Companies Law No: 6361 is recognized as finance lease receivables in the consolidated statement of financial position. Interest income resulting from the difference between the total finance lease receivables and the investment value of the leased assets are recognized in the period in which the relevant receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period. The interest income not accrued yet is followed up under the account of unearned interest income.

Factoring revenue: Consists of factoring interest and commission income collected or accrued on advances given to the customers.

Factoring commission income is a certain percentage of the total amount of invoices subject to factoring transactions.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net book value of the related asset.

Dividend income from equity share investments is recognized when the shareholders have the right to receive the dividend.

Commissions collected or paid on any transactions are recorded on accrual basis.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Tangible Assets**

Tangible assets, except for the buildings measured at fair value, acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date.

Leasehold improvements are depreciated over their respective lease periods.

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the profit or loss as incurred.

The estimated useful lives for the current and comparative periods are as follows:

<b><u>Definition</u></b>	<b><u>Years</u></b>
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years
Buildings	50 years

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets, and are recognized net within other operating income/expense in the consolidated income statement.

**c. Intangible Assets**

Intangible assets include computer software, licenses and goodwill. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated amortisation and impairment losses and intangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated amortisation and impairment losses. The estimated useful lives, residual values and amortization method of intangible assets other than goodwill are reviewed at each reporting date. Amortization is charged on a straight-line basis over their estimated useful lives. The intangible assets are comprised of computer software and licenses. The useful lives of intangible assets are 5 years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

The estimated useful life and amortization method of intangible assets are reviewed at each reporting period and corrected if necessary.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, like goodwill, are not subject to amortization, but tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

e. Borrowing Costs

All borrowing costs are recorded in the income statement on accrual basis.

f. Financial Assets Held For Sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated income statement. Gains are not recognized in excess of any cumulative impairment loss.

g. Financial Instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets as at fair value through profit or loss ("FVTPL")", "held-to-maturity investments ("HTM")", "available-for-sale ("AFS")" financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Financial Instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

Available for sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and presented under the marketable securities revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the marketable securities revaluation reserve is transferred to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate valid at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Financial Instruments (Continued)

Financial assets (Continued)

Finance lease receivables, factoring receivables and other receivables

Finance lease receivables, factoring receivables and other receivables are carried at fair value at initial recognition and they are carried at amortized cost subsequent to initial recognition, using the effective interest method.

Provision for doubtful finance lease receivables, factoring receivables and other receivables are recognized as an expense and written off against the profit for the year. Provision for non-performing receivables is allocated assessing the Group's loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current finance lease and factoring receivables. In accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated 20 July 2007 and numbered 26588 by BRSA, the Group's specific provision rate allocated for the below finance lease receivables considering their collaterals as at 1 January 2008 are as follows: 20%, at a minimum, for finance lease receivables overdue more than 150 days not exceeding 240 days, 50%, at a minimum, for finance lease receivables overdue more than 240 days not exceeding 360 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year.

The Group classifies its overdue finance lease receivables not exceeding 360 days as under the "Non-Performing Receivables" and classifies its finance lease receivables overdue more than 1 year under "Non-Performing Receivables".

In accordance with the above-mentioned Communiqué, specific provision rate allocated for the factoring receivables considering their collaterals are as follows: 20%, at a minimum, for factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for factoring receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for factoring receivables overdue more than 1 year.

While the Group provides 100% provision for doubtful factoring receivables which do not have worthy collaterals without considering the time intervals above, the Group provides provision for its other doubtful receivables having possibility of recovery based on the time intervals mentioned above.

When the Group annuls overdue foreign currency leasing contracts, it converts foreign currency receivables into TL using the exchange rate at the annulment date and does not evaluate such amounts starting from the annulment date. Since invoice issuance for such receivables is ceased, the Group also ceases its income accrual calculation starting from the annulment date.

Other receivables that have fixed or determinable payments that are not quoted in an active market are also classified in this category. These receivables are measured at amortized cost using the effective interest method less any impairment.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Financial Instruments (Continued)**

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each reporting date to determine whether there is any indicator of impairment for financial asset or financial asset group. An entity shall assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For the financial assets which are measured at amortized cost, except for finance lease receivables and factoring receivables stated above, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of finance lease receivables and factoring receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed the amortized cost that would have been impaired.

Increase in fair value of available for sale equity instruments subsequent to impairment is recognized in directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with maturities of three months or less than three months from date of acquisition and that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL and stated at fair value, with any resulting gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Financial Instruments (Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on effective interest method.

The effective interest method that calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to net present value of financial liabilities

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Group classifies these transactions as held for trading and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Business Combinations

The acquisitions of subsidiaries are accounted for by using the purchase method. The cost of the acquisition is measured at the aggregate of fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under TFRS 3 "Business Combinations" are recognized at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, excess amount is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling party's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

i. Effects of Changes in Exchange Rates

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Effects of Changes in Exchange Rates (Continued)

The foreign currency exchange rates used by the Group as at 31 December 2015 and 31 December 2014 are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
USD	2,9076	2,3189
EUR	3,1776	2,8207
GBP	4,3007	3,5961
CHF	2,9278	2,3397
100 JPY	2,4078	1,9347

In preparation of the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

j. Earnings Per Share

Earnings per share presented in the accompanying consolidated income statement is determined by dividing net income by the weighted average number of shares in issue during the year.

In Turkey, companies can increase their share capitals by issue of "Bonus Shares" to their shareholders from their retained earnings. In computing earnings per share, such issues of "Bonus Shares" are treated as issued shares. Accordingly, the retrospective effect for those share issues is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

k. Subsequent Events

Subsequent events means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 "Events After the Balance Sheet Date"; post-balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Post- balance sheet events that are not adjusting events are disclosed in the notes when material.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Provisions, Contingent Liabilities and Contingent Assets:**

In accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless they are realized.

**m. Leases**

*- Group as Lessor*

The Group's accounting policies over finance leases are disclosed in note (g).

*- Group as Lessee*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss in accordance with the Group's general policy on borrowing costs. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Lease incentives received or to be received to enter into an operating lease are also recognized in the profit or loss on a straight-line basis over the lease term.

**n. Segment Reporting**

The Group has two different operating segments, leasing and factoring, that is used by management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available (Note 29).



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Taxes on Income**

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes related to fair value measurement of available for sale assets are charged or credited to Other Comprehensive Income and subsequently recognized in profit or loss together with the deferred gains that are realized.

**p. Employee Benefits / Reserve for Employee Termination Benefits**

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are recognized in the accompanying consolidated financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with TAS 19 "Employee Benefits", the Group calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the consolidated financial statements. The main estimates used are as follows:



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

p. Employee Benefits / Reserve for Employee Termination Benefits (Continued)

	<b>31 December 2015</b>	<b>31 December 2014</b>
Discount rate	3,51%	3,30%
Expected rate of salary/limit increase	7,00%	6,00%
Probability of retirement	100%	100%

r. Statement of Cash Flows

The Group presents statement of cash flows as an integral part of its financial statements to inform the users of financial statements about its ability to manage changes in its net assets, its financial structure and the amount and timing of its cash flows under changing conditions.

In the statement of cash flows, the cash flows for the period are reported with a classification of operating, investment and financing activities. Cash flows related with operating activities compose of the cash flows arising from core operations of the Company. Cash flows related with investment activities compose of cash flows that the Group generates from or uses in investment activities (tangible and financial investments). Cash flows related with financing activities represent resources that the Group uses for financing activities and the reimbursements of such resources.

s. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

t. Related Parties

In accordance with TAS 24 "Related Party Disclosures" shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying consolidated financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 9).



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial Assets held for trading:

As at 31 December 2015 and 31 December 2014, details of financial assets held for trading are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Debt securities issued by private sector	402	-	400	-
Mutual funds	4.268	-	59	-
	<b>4.670</b>	<b>-</b>	<b>459</b>	<b>-</b>

Maturity of debt securities issued by private sector is 16 November 2016. (31 December 2014 - 16 November 2016)

The Group has investments in Türkiye İş Bankası A.Ş. mutual funds amounting to TL 443 (31 December 2014: 59).

Derivative Financial Assets and Liabilities Held For Trading:

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
<u>Derivative Financial Assets Held For Trading</u>				
Forwards	5	-	-	482
Currency swaps	1.178	4.536	204	20.904
	<b>1.183</b>	<b>4.536</b>	<b>204</b>	<b>21.386</b>

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
<u>Derivative Financial Liabilities Held For Trading</u>				
Forwards	-	-	-	-
Currency swaps	-	68.471	1.197	35.429
	<b>-</b>	<b>68.471</b>	<b>1.197</b>	<b>35.429</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 5. BANKS

As at 31 December 2015 and 31 December 2014, the details of the banks are as follows:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Deposits	1.578	14.610	1.739	4.985
Time Deposits	-	209.536	-	173.493
	<b>1.578</b>	<b>224.146</b>	<b>1.739</b>	<b>178.478</b>

The details of the time deposits as at 31 December 2015 are as follows:

Currency	Interest Rate %	Maturity	31 December 2015
USD	0,20%-1,90%	01.01.2016-04.01.2016	99.745
Euro	1,00%-1,50%	04.01.2016-01.02.2016	109.791
			<b>209.536</b>

The details of the time deposits as at 31 December 2014 are as follows:

Currency	Interest Rate %	Maturity	31 December 2014
USD	0,50%-1,80%	02.01.2015	22.420
Euro	0,07%-1,80%	02.01.2015 - 16.01.2015	151.073
			<b>173.493</b>

As at 31 December 2015, TL 192.022 portion of total foreign currency deposits (31 December 2014: TL 144.969) and TL 1.164 portion of total TL deposits (31 December 2014: TL 1.655) consist of accounts at the Company's main shareholder, Türkiye İş Bankası A.Ş.

The reconciliation of carrying value of cash and cash equivalents in the accompanying consolidated statement of financial position and the statement of cash flow is as follows:

	31 December 2015	31 December 2014
Demand deposits	16.188	6.724
Time deposits (1-3 months) (excluding accrual)	209.530	173.412
<b>Cash and cash equivalents</b>	<b>225.718</b>	<b>180.136</b>

As at 31 December 2015 and 31 December 2014, there is no blockage on cash and cash equivalents.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 6. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31 December 2015 and 31 December 2014, details of financial assets available for sale are as follows:

				Ownership Rate (%)		Carrying Amount	
		Incorporation and location	Voting right (%)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Name of the investment	Core business						
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	19.464	18.574
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	1.069	1.467
Unquoted investments:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	39	39
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	347	302
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	10,00	10,00	10,00	2.000	2.000
TOTAL						22.919	22.382

## 7. FACTORING RECEIVABLES

As at 31 December 2015 and 31 December 2014, details of factoring receivables are as follows:

	31 December 2015	31 December 2014
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables	1.614.627	1.207.500
Export and import factoring receivables	329.783	228.314
Factoring interest income accrual	12.243	9.672
Unearned interest income	(10.876)	(12.276)
	1.945.777	1.433.210
<u>Non-performing factoring receivables (**)</u>		
Provision for non-performing factoring receivables (**)	36.640	24.348
	(31.143)	(24.348)
	<b>1.951.274</b>	<b>1.433.210</b>

(\*) Consists of factoring receivables of the subsidiary, İş Faktoring, which is owned by the Company with the ownership percentage of 78,23%.

(\*\*) Presented under the non-performing receivables in the accompanying consolidated statement of financial position.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**7. FACTORING RECEIVABLES (Continued)**

As at 31 December 2015, the average interest rates applicable for the factoring receivables are 14,93% for TL, 4,58 %for USD and 5,60 % for EUR and 6,63 % for GBP (31 December 2014: 12,53 % for TL, 4,81 % for USD and 5,57 % for EUR and 6,67 % for GBP).

The details of the factoring receivables based on types of factoring transactions are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Domestic irrevocable	978.528	684.808
Foreign irrevocable	24.736	9.938
Domestic revocable	639.266	518.360
Foreign revocable	308.744	220.104
	<b>1.951.274</b>	<b>1.433.210</b>

Except for its non-performing receivables for which provision provided, the Group has 3.047 TL amount of overdue factoring receivables as at the reporting date. The carrying amount of the Group's restructured factoring receivables amounts to TL 3.967 (31 December 2014: TL 1.322). The Group has contractual sureties as collateral for such receivables.

The Group's collaterals for factoring receivables are as follows (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table):

<b>Collateral type</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Mortgages	1.432	-
Letters of guarantee	17.335	32
	<b>18.767</b>	<b>32</b>

The aging of non-performing factoring receivables is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Up to 90 days	3.047	-
Between 90 - 180 days	1.050	2.308
Between 180 - 360 days	5.058	5.668
Over 360 days	27.485	16.372
	<b>36.640</b>	<b>24.348</b>

The Group has contractual sureties as collateral for the above non-performing factoring receivables.

The movement of provision for non-performing factoring receivables is as follows:

	<b>1 January- 31 December 2015</b>	<b>1 January- 31 December 2014</b>
Provision at the beginning of the period	(24.348)	(13.969)
Provision set during the period	(6.971)	(11.690)
Collections	176	1.311
Provision at the end of the period	<b>(31.143)</b>	<b>(24.348)</b>





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 8. LEASE RECEIVABLES

As at 31 December 2015 and 31 December 2014, details of finance lease receivables are as follows:

<b>31 December 2015</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Invoiced finance lease receivables	36.195	-	36.195
Finance lease income accruals	13.921	-	13.921
Non-performing finance lease receivables (*)	144.565	1.917	146.482
Uninvoiced finance lease receivables	1.272.992	2.343.545	3.616.537
Less: Unearned interest income	(218.824)	(267.682)	(486.506)
Leasing contracts in progress (**)	-	37.518	37.518
Advances given for lease transactions	-	31.561	31.561
Specific provisions (*)	(107.186)	(1.421)	(108.607)
<b>Net finance lease receivables</b>	<b>1.141.663</b>	<b>2.145.438</b>	<b>3.287.101</b>

<b>31 December 2014</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Invoiced finance lease receivables	13.837	-	13.837
Finance lease income accruals	18.823	-	18.823
Non-performing finance lease receivables (*)	104.487	30.903	135.390
Uninvoiced finance lease receivables	1.011.735	2.119.269	3.131.004
Less: Unearned interest income	(197.423)	(277.643)	(475.066)
Leasing contracts in progress (**)	-	44.935	44.935
Advances given for lease transactions	-	52.259	52.259
Specific provisions (*)	(61.850)	(18.292)	(80.142)
<b>Net finance lease receivables</b>	<b>889.609</b>	<b>1.951.431</b>	<b>2.841.040</b>

(\*) Presented as non-performing receivables in the accompanying consolidated statement of financial position.

(\*\*) The Group purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. As at 31 December 2015 and 31 December 2014, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet.

As at 31 December 2015, analysis of finance lease receivables according to their maturities is as follows:

	<b>2016(**)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 and after</b>	<b>Total</b>
Finance lease receivables (gross) (*)	1.360.983	994.498	681.045	388.303	145.375	134.324	3.704.528
Unearned interest	(218.823)	(136.227)	(71.721)	(32.042)	(13.278)	(14.415)	(486.506)
<b>Finance lease receivables (net)</b>	<b>1.142.160</b>	<b>858.271</b>	<b>609.324</b>	<b>356.261</b>	<b>132.097</b>	<b>119.909</b>	<b>3.218.022</b>

(\*) Leasing contracts in progress and advances given balances are not included in the maturity analysis as they have not been scheduled to payment plans yet.

(\*\*) Non-performing finance lease receivables amounting to TL 37.875 are presented in 2016 column since their collection dates are not certain.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**8. LEASE RECEIVABLES (Continued)**

As at 31 December 2014, analysis of finance lease receivables according to their maturities is as follows:

	2015(**)	2016	2017	2018	2019	2020 and after	Total
Finance lease receivables (gross)(*)	1.099.643	745.028	560.132	419.160	218.660	176.289	3.218.912
Unearned interest	(197.423)	(123.158)	(75.570)	(40.785)	(18.209)	(19.921)	(475.066)
<b>Finance lease receivables (net)</b>	<b>902.220</b>	<b>621.870</b>	<b>484.562</b>	<b>378.375</b>	<b>200.451</b>	<b>156.368</b>	<b>2.743.846</b>

(\*) Leasing contracts in progress and advances given balances are not included in the maturity analysis as they have not been scheduled by the payment plans yet.

(\*\*) Non-performing finance lease receivables amounting to TL 55.248 are presented in 2015 column since their collection dates are not certain.

As at 31 December 2015, the carrying amount of the Group's restructured lease receivables amounts to TL 343 (31 December 2014: None).

As at 31 December 2015, the average compound interest rates applicable for the finance lease receivables are 14,06 % for TL, 5,82 % for USD, and 6,01 % for EUR (31 December 2014: 13,92 % for TL, 6,07 % for USD and 6,53 % for EUR).

As at 31 December 2015, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net)	Unearned interest in foreign currency	Unearned interest
USD	345.328.000	1.004.076	38.746.347	112.332
EUR	329.780.890	1.047.911	42.943.620	136.458
TL		1.166.035		237.716
<b>Total</b>		<b>3.218.022</b>		<b>486.506</b>

(\*) Leasing contracts in progress and advances given balances are not included in details of finance lease receivables in terms of currency types.

As at 31 December 2014, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net)	Unearned interest in foreign currency	Unearned interest
USD	415.920.685	964.478	56.025.121	129.917
EUR	300.561.328	847.793	49.300.928	139.063
TL		931.575		206.086
<b>Total</b>		<b>2.743.846</b>		<b>475.066</b>

(\*) Leasing contracts in progress and advances given balances are not included in details of finance lease receivables in terms of currency types.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**8. LEASE RECEIVABLES (Continued)**

The collaterals obtained by the Group, except for the leased assets, for its all finance lease receivables, except for non-performing finance lease receivables are as follows (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table):

<b>Collateral type:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Mortgages	182.734	219.282
Pledged equity	17.900	17.900
Letters of guarantee	20.538	20.732
Cash blockages	8.833	12.748
Equity security	2.450	2.450
Pledged account	27.508	-
Guarantors	583	506
Pledged commercial	21.326	-
	<b>281.872</b>	<b>273.618</b>

In addition to collaterals above, the Group also has pledged vehicles amounting to TL 41.405, pledged machines amounting to TL 30.046. (31 December 2014: pledged vehicles amounting to TL 34.881, pledged machines amounting to TL 128).

As at the reporting date, the Group did not record provision for invoiced finance lease receivables overdue less than 150 days classified under the finance lease receivables amounting to TL 36.194 (31 December 2014: TL 13.837 ) since the Group management assessed that there is no deterioration in the collection capacity and therefore these receivables are recoverable. The aging analysis of such receivables is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Up to 30 days	12.994	7.357
Between 30 - 60 days	4.760	3.470
Between 60 - 90 days	17.342	1.992
Between 90 - 150 days	1.098	1.018
Total overdue	36.194	13.837
Not due amount	210.022	285.819
	<b>246.216</b>	<b>299.656</b>

Details of the collaterals obtained by Group for overdue lease receivables mentioned above are as follows:

<b>Collateral type</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Mortgages	25.214	116.835
Pledged shares	27.508	-
Letters of guarantee	1.787	666
Cash blockages	50	100
	<b>54.559</b>	<b>117.601</b>

In addition to above guarantees, the Group also has pledged vehicles amounting to TL 7.712, pledged machines amounting to TL 46. (31 December 2014: pledged vehicles amounting to TL 3.120 and pledged machines amounting to TL 128).



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**8. LEASE RECEIVABLES (Continued)**

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that receivable was initially recognized to the reporting date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 40.

Starting from 24 December 2013, the Group measures and recognizes losses incurred or to be incurred from its receivables in accordance with the requirements of the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued by BRSA.

As at 31 December 2015 and 31 December 2014, the aging of non-performing finance lease receivables is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Between 150 - 240 days	3.831	8.221
Between 240 - 360 days	2.706	1.746
Over 360 days	48.696	41.307
Uninvoiced non-performing finance lease receivables	91.926	93.460
Unearned interest of non-performing finance lease receivables	(677)	(9.344)
	<b>146.482</b>	<b>135.390</b>

Collaterals obtained for non-performing finance lease receivables as at 31 December 2015 and 31 December 2014 are as follows:

<b>Guarantee type:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Mortgages	5.066	11.796
	<b>5.066</b>	<b>11.796</b>

In addition to the above collaterals, leased equipments amounting to TL 25.083, pledged assets (vehicles) amounting to TL 965 and pledged machines amounting to TL 5 are considered in the provision calculation (31 December 2014: leased equipments amounting to TL 22.981 and pledged assets (vehicles) amounting to TL 485).

The movement of provision for non-performing finance lease receivables is as follows:

<b>Movement of specific provisions:</b>	<b>1 January- 31 December 2015</b>	<b>1 January- 31 December 2014</b>
Provision at the beginning of the period	(80.142)	(52.653)
Provision set during the period	(41.034)	(28.042)
Write off (*)	9.870	-
Collections	2.699	553
<b>Provision at the end of the period</b>	<b>(108.607)</b>	<b>(80.142)</b>

(\*) Consists of the portfolio formed within non-performing finance lease receivables amounting to TL 9.870 and written off through sales to Efes Varlık Yönetimi A.Ş. on 21 May 2015.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**9. RELATED PARTIES**

As at 31 December 2015 and 31 December 2014, details of related party balances are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<u>Finance lease receivables from related parties</u>		
Tukaş Gıda San. ve Tic. A.Ş.	32.026	25.236
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	26.819	25.586
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	21.580	-
KKB Kredi Kayıt Bürosu A.Ş.	6.834	-
Avea İletişim Hizmetleri A.Ş.	1.167	1.791
Numnum Yiyecek ve İçecek A.Ş.	923	1.057
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	919	1.082
Radore Veri Merkezleri Hizm. A.Ş.	723	-
Bankalararası Kart Merkezi A.Ş.	457	616
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	230	782
Anadolu Cam Sanayii A.Ş.	-	108
<b>Total</b>	<b>91.678</b>	<b>56.258</b>
<u>Factoring receivables from related parties</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	29.600	9.990
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	10.135	3.037
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	1.112	-
<b>Total</b>	<b>40.847</b>	<b>13.027</b>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	14.204	11.817
Türkiye İş Bankası A.Ş.	184	-
İş Merkezleri Yönetim ve İşletim A.Ş.	82	-
Avea İletişim Hizmetleri A.Ş.	7	5
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	3	388
KKB Kredi Kayıt Bürosu A.Ş.	3	-
<b>Total</b>	<b>14.483</b>	<b>12.210</b>
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Vadeli Mevduat	177.987	141.253
Türkiye İş Bankası A.Ş. Vadesiz Mevduat	14.658	5.371
İşbank AG Vadesiz Mevduat	541	-
Türkiye Sınai Kalkınma Bankası A.Ş.Vadesiz Mevduat	7	-
<b>Total</b>	<b>193.193</b>	<b>146.624</b>
<u>Derivative financial liabilities held for trading from related parties</u>		
Türkiye İş Bankası A.Ş.	5.213	7.238
Türkiye Sınai Kalkınma Bankası A.Ş.	188	-
<b>Total</b>	<b>5.401</b>	<b>7.238</b>
<u>Derivative financial assets held for trading from related parties</u>		
Türkiye İş Bankası A.Ş.	777	10.701
<b>Total</b>	<b>777</b>	<b>10.701</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**9. RELATED PARTIES (Continued)**

As at 31 December 2015 and 31 December 2014, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2015
TL	11,74%-15,04%	11.03.2016-15.06.2018	219.679
USD	3,02%-4,14%	22.07.2016-30.09.2016	100.141
EUR	4,01%	26.12.2016	31.786
			<b>351.606</b>

Currency	Interest Rate %	Maturity	31 December 2014
TL	1,00%-13,24%	02.01.2015-15.06.2018	448.484
USD	2,62%-4,14%	27.03.2015-30.09.2016	139.952
EUR	2,50%-4,00%	17.06.2015-26.12.2016	71.650
			<b>660.086</b>

İşbank AG

Currency	Interest Rate %	Maturity	31 December 2015
EUR	-	-	-
			<b>-</b>

Currency	Interest Rate %	Maturity	31 December 2014
EUR	1,80%	Overdraft	1.109
			<b>1.109</b>

Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2015
TL	12,70%-13,15%	05.01.2016-14.01.2016	144.169
USD	1,79%-3,29%	01.08.2016-17.06.2017	115.154
EUR	1,29%-2,53%	15.03.2017-30.06.2022	81.979
			<b>341.302</b>

Currency	Interest Rate %	Maturity	31 December 2014
USD	2,85%-2,87%	15.05.2015-17.06.2017	32.289
EUR	2,70%-2,71%	15.06.2017-17.12.2021	37.767
			<b>70.056</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**9. RELATED PARTIES (Continued)**

For the year ended 31 December 2015 and 31 December 2014, finance income and expenses from related parties are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<u>Finance lease interest income from related parties</u>		
Tukaş Gıda San. ve Tic. A.Ş.	3.197	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2.043	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.651	1.679
Numnum Yiyecek ve İçecek A.Ş.	148	61
Bankalararası Kart Merkezi A.Ş.	81	67
Ortopro Tıbbi Aletler San. ve Tic.A.Ş.	71	142
Kanyon Yönetim İşletim ve Pazarlama Ltd.Şti.	58	14
Radore Veri Merkezleri Hizm. A.Ş.	61	-
Avea İletişim Hizmetleri A.Ş.	46	58
Anadolu Cam Sanayii A.Ş.	3	46
Nemtaş Nemrut Liman İşletmeleri A.Ş.	-	1
<b>Total</b>	<b>7.359</b>	<b>2.068</b>
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	737	1.214
İşbank AG	-	117
<b>Total</b>	<b>737</b>	<b>1.331</b>
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	3.405	2.238
Efes Varlık Yönetim A.Ş.	200	-
İş Net Elektr.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	105	30
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	90	178
Yatırım Finansman Menkul Değerler A.Ş.	-	1
<b>Total</b>	<b>3.800</b>	<b>2.447</b>
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	52.696	45.160
Türkiye Sınai Kalkınma Bankası A.Ş.	5.264	2.190
İş Yatırım Menkul Değerler A.Ş.	1.490	494
İşbank AG	236	265
Şişe Cam Dış Tic.AŞ.	-	69
Arap Türk Bankası A.Ş.	-	12
<b>Total</b>	<b>59.686</b>	<b>48.190</b>
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	3.617	2.910
<b>Total</b>	<b>3.617</b>	<b>2.910</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**9. RELATED PARTIES (Continued)**

	31 December 2015	31 December 2014
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	3.899	3.240
<b>Total</b>	<b>3.899</b>	<b>3.240</b>
<u>Factoring commission income</u>		
Şişe Cam Dış Tic.A.Ş.	79	102
Ortopro Tıbbi Aletler San. ve Tic.A.Ş.	75	78
<b>Total</b>	<b>154</b>	<b>180</b>
<u>Factoring interest income from related parties</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	2.296	1.580
Ortopro Tıbbi Aletler San. ve Tic.A.Ş.	914	529
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	10	-
<b>Total</b>	<b>3.220</b>	<b>2.109</b>
<u>Mutual fund income</u>		
Türkiye İş Bankası A.Ş.	150	150
<b>Total</b>	<b>150</b>	<b>150</b>

Financial assets of related parties in the Group's portfolio are presented in Note 4.

As at 31 December 2015 and 31 December 2014, nominal values of derivative transactions with Türkiye İş Bankası A.Ş. are as follows:

	31 December 2015	31 December 2014
	<b>Purchase</b>	<b>Purchase</b>
	<b>Sale</b>	<b>Sale</b>
Forward Transactions	5.815	8.230
Swap Transactions	160.865	365.883
<b>Total</b>	<b>166.680</b>	<b>374.113</b>

As at 31 December 2015 and 31 December 2014, nominal values of derivative transactions with Türkiye Sınai Kalkınma Bankası A.Ş. are as follows:

	31 December 2015	31 December 2014
	<b>Purchase</b>	<b>Purchase</b>
	<b>Sale</b>	<b>Sale</b>
Swap Transactions	48.874	-
<b>Total</b>	<b>48.874</b>	<b>-</b>





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**9. RELATED PARTIES (Continued)**

As at 31 December 2015 and 31 December 2014, the amount of the Company's issued debt securities in related parties' securities portfolio are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	15.669	14.387
İş Yatırım Ortaklığı A.Ş.	11.618	10.587
Anadolu Anonim Türk Sigorta Şirketi	10.756	5.077
Türkiye Sınai Kalkınma Bankası A.Ş.	5.131	20.464
Milli Reasürans T.A.Ş.	3.135	4.544
İş Portföy Yönetimi A.Ş.	2.256	4.918
İş Yatırım Menkul Değerler A.Ş.	637	1.308
Türkiye İş Bankası A.Ş.	-	110
	<b>49.202</b>	<b>61.395</b>

**Renumeration of key management (\*)**

For the year ended 31 December 2015 and 31 December 2014, the remuneration of the key management during year comprised the following:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<u>Salaries and other short-term benefits (**)</u>	<u>5.360</u>	<u>5.013</u>
	<b>5.360</b>	<b>5.013</b>

(\*) Key management consists of members of the board of directors, general manager and assistant general managers.

(\*\*) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals and other associated expenses.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 10. TANGIBLE ASSETS

For the periods ended 31 December 2015 and 31 December 2014, movements in tangible assets are as follows:

	<b>Vehicles</b>	<b>Furniture and Fixtures</b>	<b>Other Tangible Assets</b>	<b>Real Estate</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>						
Opening balance at 1 January 2015	-	3.725	1.867	15.732	3.546	24.870
Additions	-	676	-	-	58	734
Disposals	-	(68)	-	-	-	(68)
Impairment provision on tangible assets	-	-	-	(602)	-	(602)
Closing balance at 31 December 2015	-	4.333	1.867	15.130	3.604	24.934
<b>Accumulated depreciation</b>						
Opening balance at 1 January 2015	-	(2.558)	(1.867)	(52)	(2.538)	(7.015)
Depreciation for the period	-	(474)	-	(71)	(302)	(847)
Disposals	-	63	-	-	-	63
Closing balance at 31 December 2015	-	(2.969)	(1.867)	(123)	(2.840)	(7.799)
<b>Carrying amounts at 31 December 2015</b>	-	<b>1.364</b>	-	<b>15.007</b>	<b>764</b>	<b>17.135</b>
	<b>Vehicles</b>	<b>Furniture and Fixtures</b>	<b>Other Tangible Assets</b>	<b>Real Estate</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>						
Opening balance at 1 January 2014	179	2.888	1.867	-	3.197	8.131
Additions	-	837	-	15.732	349	16.918
Disposals	(179)	-	-	-	-	(179)
Closing balance at 31 December 2014	-	3.725	1.867	15.732	3.546	24.870
<b>Accumulated depreciation</b>						
Opening balance at 1 January 2014	(93)	(2.213)	(1.867)	-	(2.264)	(6.437)
Depreciation for the period	-	(345)	-	(52)	(274)	(671)
Disposals	93	-	-	-	-	93
Closing balance at 31 December 2014	-	(2.558)	(1.867)	(52)	(2.538)	(7.015)
<b>Carrying amounts at 31 December 2014</b>	-	<b>1.167</b>	-	<b>15.680</b>	<b>1.008</b>	<b>17.855</b>

As at 31 December 2015 and 31 December 2014, there is no restriction and mortgage on the tangible assets of the Group.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 11. INTANGIBLE ASSETS

For the periods ended 31 December 2015 and 31 December 2014, movements in intangible assets are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<u>Cost</u>		
Opening balance at 1 January	2.544	1.999
Additions	1.152	545
Disposals	-	-
Closing balance at the end of the period	<u>3.696</u>	<u>2.544</u>
<u>Amortization</u>		
Opening balance at 1 January	(1.687)	(1.345)
Amortization for the period	(423)	(342)
Disposals	-	-
Closing balance at the end of the period	<u>(2.110)</u>	<u>(1.687)</u>
<b>Carrying amounts</b>	<b><u>1.586</u></b>	<b><u>857</u></b>

(\*) The Group's intangible assets are consist of software.

## 12. GOODWILL

The Company has purchased nominal shares of İş Factoring amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TL 166 on purchased equity of TL 16.603. As at 31 December 2015, net amount of goodwill is TL 166 (31 December 2014: TL 166). Based on TFRS 3, for the annual periods beginning on or after 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

As at 31 December 2014, the Group tested impairment by comparing the goodwill from the acquisition of İş Factoring with the values in use of the cash generating units and concluded that no impairment exists. In the current period, since the amount of impairment is immaterial there is no impairment testing performed.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**13. DEFERRED TAX ASSETS AND LIABILITIES**

As at 31 December 2015 and 31 December 2014, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

<b>Temporary differences subject to deferred tax</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Investment incentive – with withholding tax	132.895	191.588
Investment incentive – without withholding tax	-	91.766
Valuation differences on financial instruments	62.752	15.036
Allowance for doubtful finance lease receivables	102.200	73.831
Unearned factoring income	10.876	12.276
Reserve for employee benefits	2.711	2.191
Employee bonus accrual	2.270	2.407
Prepaid expenses	1.123	436
Unused vacation	1.012	843
BRSA share	215	-
Provision for lawsuit	429	1.265
Expense accruals	-	233
Tax base differences in tangible and intangible assets	(978)	(1.216)
Finance lease adjustment	(3.018)	(2.039)
Finance lease income accruals	(13.946)	(19.048)
Other	115	115
	<b>298.656</b>	<b>369.684</b>
<b>Deferred tax assets / (liabilities)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Investment incentive – with withholding tax	266	383
Investment incentive – without withholding tax	-	18.352
Valuation differences on financial instruments	12.550	3.007
Allowance for doubtful finance lease receivables	20.440	14.766
Unearned factoring income	2.175	2.455
Reserve for employee benefits	542	438
Employee bonus accrual	454	481
Prepaid expenses	225	88
Unused vacation	202	169
BRSA share	43	-
Provision for lawsuit	86	253
Expense accruals	-	47
Tax base differences in tangible and intangible assets	(196)	(243)
Finance lease adjustment	(604)	(408)
Finance lease income accruals	(2.789)	(3.810)
Other	24	24
<b>Deferred tax asset</b>	<b>33.418</b>	<b>36.002</b>

Tax rate used in computation of deferred tax assets and liabilities is 0.2 % for "Investment incentives with withholding tax" and 20 % for the other items (31 December 2014: 0.2 % and 20 %).



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### Investment Incentive:

The statement "limited to 2006, 2007 and 2008 only" in the 69th Article of the Income Tax Law No. 193, which was cancelled by the Constitutional Court decision No. 2009/144 and published in the Official Gazette on 8 January 2010, was re-regulated by the Law No. 6009 Article 5, published in the Official Gazette No. 27659, dated 1 August 2010. This new legislation enabled without any year limitation the continued utilization of investment allowances, which are carried forward due to insufficient current year earnings. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year. With this change, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20 %) instead of the previous rate of 30 %. The clause "The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25 % of related income" which has been added to first clause of the temporary 69th article of Law No:193 with the 5th article of Law No:6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the decision of the Constitutional Court dated 9 February 2012 no. 2012/9. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25 % limit into account. The Group may utilise TL 132.895 (31 December 2014: TL 283.354) of its unused investment allowances as offset against its future profits. The Group has TL 266 (31 December 2014: TL 18.735) of deferred tax assets comprising of unused investment allowances, which may be offset against future profits. Partial or whole recoverable amounts of deferred tax asset are estimated based on current conditions. Future profit projections and potential tax planning strategies have been taken into consideration for valuation purposes.

Movements in deferred tax assets/(liabilities) are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Opening balance at 1 January	36.002	44.268
Deferred tax benefit	(2.601)	(8.277)
Other tax benefit	17	11
<b>Closing balance</b>	<b>33.418</b>	<b>36.002</b>

### 14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2015 and 31 December 2014, details of assets held for sale and discontinued operations are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Assets held for sale (*)	2.057	-	572	-
	<b>2.057</b>	<b>-</b>	<b>572</b>	<b>-</b>

(\*) Consist of properties acquired as a result of the legal proceedings in relation to its non-performing receivables.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**15. OTHER RECEIVABLES AND OTHER ASSETS**

As at 31 December 2015 and 31 December 2014, details of other receivables are as follows:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Insurance receivables	2.459	2.232	2.224	2.133
Others	844	65	712	48
	<b>3.303</b>	<b>2.297</b>	<b>2.936</b>	<b>2.181</b>

As at 31 December 2015 and 31 December 2014, prepaid expenses are as follows:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Commissions expense on debt securities issued and funds borrowed	20.322		18.156	
Others	1.133	-	975	-
	<b>21.455</b>	<b>-</b>	<b>19.131</b>	<b>-</b>

As at 31 December 2015 and 31 December 2014, details of other assets are as follows:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Advanced given	41	1	23	-
Deposits given	19	24	24	17
Others	1.843	68	1.705	18
	<b>1.903</b>	<b>93</b>	<b>1.752</b>	<b>35</b>

**16. FUNDS BORROWED**

As at 31 December 2015 and 31 December 2014, details of funds borrowed are as follows:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term borrowings	1.660.153	1.038.835	1.393.483	630.771
Short-term portion of long-term borrowings	24.950	130.849	18.996	95.351
Total short-term borrowings	<b>1.685.103</b>	<b>1.169.684</b>	<b>1.412.479</b>	<b>726.122</b>
Long-term borrowings	66.951	797.720	372.287	876.653
Total long-term borrowings	<b>66.951</b>	<b>797.720</b>	<b>372.287</b>	<b>876.653</b>
<b>Total borrowings</b>	<b>1.752.054</b>	<b>1.967.404</b>	<b>1.784.766</b>	<b>1.602.775</b>

As at 31 December 2015 and 31 December 2014, borrowings has no collateral.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**16. FUNDS BORROWED (Continued)**

As at 31 December 2015 and 31 December 2014, maturity analysis of borrowings is as follows:

<b><u>Maturity analysis of borrowings</u></b>	<b><u>31 December 2015</u></b>	<b><u>31 December 2014</u></b>
Within 1 year	2.854.787	2.138.601
Within 1-2 years	281.289	710.897
Within 2-3 years	274.498	197.109
Within 3-4 years	168.905	147.174
Within 4-5 years	51.857	123.374
5 years and over	88.122	70.386
<b>TOTAL</b>	<b><u>3.719.458</u></b>	<b><u>3.387.541</u></b>

As at 31 December 2015 and 31 December 2014, details of short term borrowings based on types of currency are as follows:

<b><u>Currency (*)</u></b>	<b><u>Interest rate %</u></b>	<b><u>Original Currency Amount</u></b>	<b><u>31 December 2015</u></b>
TL	11,48%-16,25%	-	1.605.077
USD	1,20%-4,14%	243.460.232	707.885
Euro	1,45%-4,01%	99.035.433	314.695
GBP	4,50%	189.548	815
Interest accruals			70.516
<b>TOTAL</b>			<b><u>2.698.988</u></b>

<b><u>Currency (*)</u></b>	<b><u>Interest rate %</u></b>	<b><u>Original Currency Amount</u></b>	<b><u>31 December 2014</u></b>
TL	1%-12,00%	-	1.327.348
USD	1,80%-4,25%	201.650.837	467.608
Euro	1,60%-3,75%	54.512.362	153.763
GBP	4,50%	595.952	2.143
Interest accruals			73.392
<b>TOTAL</b>			<b><u>2.024.254</u></b>

(\*) Foreign currency indexed borrowings have been presented in TL column in the accompanying consolidated statement of financial position.

As at 31 December 2015 and 31 December 2014, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

<b><u>Currency</u></b>	<b><u>Interest rate %</u></b>	<b><u>Original Currency Amount</u></b>	<b><u>31 December 2015</u></b>
TL	15,04%-15,04%	-	7.459
USD	1,51%-4,26%	63.323.808	184.120
Euro	0,90%-4,08%	260.854.351	828.891
<b>TOTAL</b>			<b><u>1.020.470</u></b>

<b><u>Currency</u></b>	<b><u>Interest rate %</u></b>	<b><u>Original Currency Amount</u></b>	<b><u>31 December 2014</u></b>
TL	11,48%-15,39%		327.469
USD	1,51%-4,26%	140.249.996	325.226
Euro	1,08%-4,34%	251.920.736	710.592
<b>TOTAL</b>			<b><u>1.363.287</u></b>

As at 31 December 2015 and 31 December 2014, compounded interest rates have been presented.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**16. FUNDS BORROWED (Continued)**

As at 31 December 2015 and 31 December 2014, details of borrowings based on types of interest rate are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Fixed rate	1.660.042	948.509	1.704.211	821.271
Variable rate	92.012	1.018.895	80.555	781.504
	<b>1.752.054</b>	<b>1.967.404</b>	<b>1.784.766</b>	<b>1.602.775</b>

Fair values of the funds borrowed are presented in Note 40.

As at 31 December 2015, the Group has available TL 5.171.569 of unused credit lines (31 December 2014: TL 3.974.250).

**17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES**

As at 31 December 2015 and 31 December 2014, details of miscellaneous payables are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TP	YP	TP	YP
Payables to suppliers for lease transactions	1.935	32.117	10.930	14.289
Other payables (*)	7.601	8.129	6.543	6.765
	<b>9.536</b>	<b>40.246</b>	<b>17.473</b>	<b>21.054</b>

(\*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in instalments. Other payables consist of the Group's insurance premium payables and payables to suppliers resulting from intercorporate daily operations of the Group.

The Group purchases generally in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

As at 31 December 2015 and 31 December 2014, details of other liabilities are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Advances received (*)	8.521	24.395	11.056	20.699
Others	2.637	1.201	2.015	2.107
	<b>11.158</b>	<b>25.596</b>	<b>13.071</b>	<b>22.806</b>

(\*) Advances received consist of advances received from lessees in accordance with the leasing agreements for machinery and equipments that are not readily in use of the customers.

**18. FINANCE LEASE OBLIGATIONS**

None.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**19. DEBT SECURITIES ISSUED**

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Bills bonds	668.192	-	95.504	-
Bonds issued	250.000	-	300.000	-
Interest accruals	23.009	-	7.918	-
	<b>941.201</b>	<b>-</b>	<b>403.422</b>	<b>-</b>

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TL 100.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 33/1102 dated 03 October 2013). Issuance of bond was held on 27 February 2014. The floating rate quarterly coupon bond have a maturity of 25 February 2016 and the eighth coupon annual compound interest rate of 2,94 %. (1<sup>st</sup> coupon interest rate is 3,08%, 2<sup>nd</sup> coupon interest rate is 2,54%, 3<sup>rd</sup> coupon interest rate is 2,64%, 4<sup>th</sup> coupon rate is 2,35%, 5<sup>th</sup> coupon rate is 2,43%, 6<sup>th</sup> coupon rate is 2,80%, 7<sup>th</sup> coupon rate is 3,11%).

Date of first coupon payment (*)	29 May 2014
Date of second coupon payment (*)	28 August 2014
Date of third coupon payment (*)	27 November 2014
Date of fourth coupon payment (*)	26 February 2015
Date of fifth coupon payment (*)	28 May 2015
Date of sixth coupon payment(*)	27 August 2015
Date of seventh coupon payment(*)	26 November 2015
Date of eighth coupon payment	25 February 2016

(\*) The first coupon payment of bond was made on 29 May 2014, the second coupon payment of bond was made on 28 August 2014, the third coupon payment of bond was made on 27 November 2014, the fourth coupon payment of bond was made on 26 February 2015, the fifth coupon payment of bond was made on 28 May 2015, the sixth coupon payment of bond was 27 August 2015, the seventh coupon payment of bond was 26 November 2015.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TL 100.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 33/1102 dated 03 October 2013). Issuance of bond was held on 17 April 2014. The floating rate quarterly coupon bond have a maturity of 14 April 2016 and the eighth coupon annual compound interest rate of 3,18% (1<sup>st</sup> coupon interest rate is 2,90%, 2<sup>nd</sup> coupon interest rate is 2,49%, 3<sup>rd</sup> coupon interest rate is 2,76%, 4<sup>th</sup> coupon rate is 2,31%, 5<sup>th</sup> coupon rate is 2,67%, 6<sup>th</sup> coupon rate is 2,82%, 7<sup>th</sup> coupon rate is 3,11%).

Date of first coupon payment (*)	17 July 2014
Date of second coupon payment (*)	16 October 2014
Date of third coupon payment (*)	15 January 2015
Date of fourth coupon payment (*)	16 April 2015
Date of fifth coupon payment (*)	16 July 2015
Date of sixth coupon payment(*)	15 October 2015
Date of seventh coupon payment(*)	14 January 2016
Date of eighth coupon payment	14 April 2016



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**19. DEBT SECURITIES ISSUED (Continued)**

(\*) The first coupon payment of bond was made on 17 July 2014, the second coupon payment of bond was made on 16 October 2014, the third coupon payment of bond was made on 15 January 2015 and the fourth coupon payment of bond was made on 16 April 2015, the fifth coupon payment of bond was made on 16 July 2015, the sixth coupon payment of bond was made on 15 October 2015, the seventh coupon payment of bond was made on 14 January 2015

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TL 50.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 25/794 dated 19 August 2014). Issuance of bond was held on 4 November 2014. The floating rate quarterly coupon bond have a maturity of 1 November 2016 and the fifth coupon annual compound interest rate of 2,80% (1<sup>st</sup> coupon interest rate is 2,47%, 2<sup>nd</sup> coupon interest rate is 2,05%, 3<sup>rd</sup> coupon interest rate is 2,81%, 4<sup>nd</sup> coupon interest rate is 2,79% ).

Date of first coupon payment (*)	3 February 2015
Date of second coupon payment (*)	5 May 2015
Date of third coupon payment(*)	4 August 2015
Date of fourth coupon payment(*)	3 November 2015
Date of fifth coupon payment	2 February 2016
Date of sixth coupon payment	3 May 2016
Date of seventh coupon payment	2 August 2016
Date of eighth coupon payment	1 November 2016

(\*)The first coupon payment of bond was made on 3 February 2015, the second coupon payment of bond was made on 5 May 2015, the third coupon payment of bond was made on 4 August 2015, the fourth coupon payment of bond was made on 3 November 2015.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TL 211.948 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 25/794 dated 19 August 2014). Issuance of bond was held on 09 October 2015. Ordinary interest of bond was determined 11,50%.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TL 200.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 25/794 dated 19 August 2014). Issuance of bond was held on 21 July 2015. Ordinary interest of bond was determined 10,45%.

Bond issued by İş Faktoring A.Ş. having nominal value of TL 157.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 32/1469 dated 27 November 2015). Issuance of bond was held on 21 December 2015. Ordinary interest of bond was determined 11,72%.

Bond issued by İş Faktoring A.Ş. having nominal value of TL 60.997 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 12/563 dated 14 May 2015). Issuance of bond was held on 14 October 2015. Ordinary interest of bond was determined 11,71%.

Bond issued by İş Faktoring A.Ş. having nominal value of TL 75.223 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 12/563 dated 14 May 2015). Issuance of bond was held on 16 September 2015. Ordinary interest of bond was determined 11,94%.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 20. TAXES AND DUTIES PAYABLE

As at 31 December 2015 and 31 December 2014, details of taxes and duties payable are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	TL	FC	TL	FC
Banking and Insurance Transaction Tax	1.096	-	468	-
Income Tax	441	-	380	-
Social Security Premium	409	-	326	-
Value Added Tax	892	-	39	-
Other Tax and Liabilities	23	-	252	-
	<b>2.861</b>	<b>-</b>	<b>1.465</b>	<b>-</b>

## 21. PROVISIONS

As at 31 December 2015 and 31 December 2014, other provisions are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
General provision for financial lease receivables	2.752	2.275
Provision for lawsuits	429	510
Provision for general administrative expenses	214	233
	<b>3.395</b>	<b>3.018</b>

Movements in provisions for the periods ended 31 December 2015 and 31 December 2014 are as follows:

	<b>General provision for financial lease receivables</b>	<b>Provision for lawsuits</b>	<b>Provision for general administrative expenses</b>
<b>31 December 2015</b>			
At the beginning of the period	(2.275)	(510)	(233)
Additions	(477)	(20)	(656)
Payments	-	-	675
Cancellations	-	101	-
<b>At the end of the period</b>	<b>(2.752)</b>	<b>(429)</b>	<b>(214)</b>
	<b>General provision for financial lease receivables</b>	<b>Provision for lawsuits</b>	<b>Provision for general administrative expenses</b>
<b>31 December 2014</b>			
At the beginning of the period	(2.449)	(1.221)	(252)
Additions	(206)	(44)	(233)
Cancellations	380	755	252
<b>At the end of the period</b>	<b>(2.275)</b>	<b>(510)</b>	<b>(233)</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 22. EMPLOYEE BENEFITS

As at 31 December 2015 and 31 December 2014, reserve for employee benefits are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Reserve for employee severance indemnity	2.711	2.191
Employee bonus accrual	2.270	2.407
Unused vacation provision	1.012	843
	<b>5.993</b>	<b>5.441</b>

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002.

TAS 19 - "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. As at 31 December 2015 and 31 December 2014, the following actuarial assumptions are used in the calculation of the total liability:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Discount rate	3,51%	3,30%
Inflation	7,00%	6,00%
Probability of retirement	100%	100%

For the periods ended 31 December 2015 and 31 December 2014, movements in reserve for employee severance indemnity are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Balance at the beginning of the period	2.191	1.759
Cost of interests	216	152
Cost of services	318	224
Amounts paid	(122)	(2)
Cancellations	26	2
Actuarial difference	82	56
<b>Balance at the end of the period</b>	<b>2.711</b>	<b>2.191</b>

The movement of the provision for unused vacation for the periods ended 31 December 2015 and 31 December 2014 are as follows:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Balance at the beginning of the period	843	655
Provision set during the period	169	188
<b>Balance at the end of the period</b>	<b>1.012</b>	<b>843</b>

The movement of the provision for employee bonus accrual for the periods ended 31 December 2015 and 31 December 2014 are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Balance at the beginning of the period	2.407	1.580
Provision set during the period	2.270	2.406
Reversals	(171)	(267)
Payment made during the period	(2.236)	(1.312)
<b>Balance at the end of the period</b>	<b>2.270</b>	<b>2.407</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**23. CURRENT PERIOD TAX PAYABLE**

As at 31 December 2015 and 31 December 2014, details of corporate tax provision and prepaid taxes are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Current period corporate tax provision (Note:37)	6.364	4.712
Current period investment incentive provision	13.549	-
Corporation taxes paid in advance during the year	(5.407)	(3.026)
<b>Corporate tax provision (net)</b>	<b><u>14.506</u></b>	<b><u>1.686</u></b>

For the periods ended 31 December 2015 and 31 December 2014, movements of corporate tax provision are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Corporate tax provision at the beginning of the period	1.686	1.310
Total income tax expense (Note:37)	19.913	4.712
Corporation taxes paid during the year	(7.093)	(4.336)
<b>Corporate tax provision (net)</b>	<b><u>14.506</u></b>	<b><u>1.686</u></b>

**24. NON-CONTROLLING INTERESTS**

The Company owns 78,23 % of İş Faktoring. As at 31 December 2015, the non-controlling interests amounting to TL 21.717 (31 December 2014: TL 16.568) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 5.261 (31 December 2014: TL 1.688) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests as at 31 December 2015 and 31 December 2014 are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Balance at the beginning of the period	16.568	15.109
Fair value changes of marketable securities	(112)	(229)
Profit for the period	5.261	1.688
<b>Balance at the end of the period</b>	<b><u>21.717</u></b>	<b><u>16.568</u></b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**25. PAID-IN CAPITAL AND CAPITAL RESERVES**

As at 31 December 2015 nominal capital of the Company is TL 530.303. The share capital of the Company consists of 53.030.264.500 shares Kurus 1 price.

As at 31 December 2015 and 31 December 2014, shareholders and their ownership percentages are as follows:

<b>Shareholders</b>	<b>(%)</b>	<b>31 December 2015</b>	<b>(%)</b>	<b>31 December 2014</b>
Türkiye Sınai Kalkınma Bankası A.Ş.	28,56	151.454	28,56	131.805
Türkiye İş Bankası A.Ş.	27,79	147.393	27,79	128.271
Camiş Yatırım Holding A.Ş.	0,83	4.421	0,83	3.847
Türkiye Şişe ve Cam Fab. A.Ş.	0,08	405	0,08	352
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,07	352	0,07	306
Publicly traded	42,67	226.278	42,67	196.922
<b>TOTAL</b>	<b>100,00</b>	<b>530.303</b>	<b>100,00</b>	<b>461.503</b>

Pursuant to General Assembly held on 24 March 2015, the Group has increased its share capital by TL 68.800 to TL 530.303. The increase comprises of bonus shares from previous year's profit. Capital increase was registered on 10 June 2015.

Group A shareholders have the privilege of nominating board of directors members and audit committee members. As a result of this privilege, board of directors members and audit committee members are selected among the candidates nominated by Group A shareholders. Allocation of Group A shares among shareholders is as follows;

<b>Shareholders</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Türkiye Şişe ve Cam Fab. A.Ş.	22.500.000	22.500.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	22.500.000	22.500.000
<b>Total</b>	<b>600.000.000</b>	<b>600.000.000</b>

Any change in the articles of association of the Company is subject to the consent of Group A shareholders.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**25. PAID-IN CAPITAL AND CAPITAL RESERVES (Continued)**

Capital Reserves

	<u>31 December 2015</u>	<u>31 December 2014</u>
Other Capital Reserves(*)	1.938	1.938
Accumulated Other Comprehensive Income/Expenditure Not Reclassified in Profit/Loss		
Employee benefits re-measuring income/loss,	217	283
Accumulated Other Comprehensive Income/Expenditure Reclassified in Profit/Loss		
Net change in fair value of available-for-sale financial assets(**)	1.746	2.243
<b>Total</b>	<b><u>1.963</u></b>	<b><u>2.526</u></b>

(\*) Comprised of bonus shares obtained from associates, subsidiaries and jointly controlled entities

(\*\*) Marketable securities revaluation reserve arises as a result of valuation of available for sale financial assets at their fair values. In case of disposing a financial asset valued at fair value, a portion of the revaluation reserve in connection with the disposed asset is immediately recognized in profit or loss. If the revalued financial asset is permanently impaired, a portion of the revaluation fund in connection with the impaired financial asset is also recognized in profit or loss.

**26. PROFIT RESERVES**

As at 31 December 2015 and 31 December 2014, details of profit reserves are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Legal reserves	28.133	24.202
Extraordinary reserves	72.351	81.450
<b>Total</b>	<b><u>100.484</u></b>	<b><u>105.652</u></b>

(\*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TL 36.152 classified in extraordinary reserves which will not be distributed as at 31 December 2015 (31 December 2014: TL 44.622).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10 % per annum of all cash dividend distributions. Legal reserves, if less than 50 % of the paid-in capital, can only be used to net-off the losses. TL 3.931 calculated on legal profit has been transferred to legal reserves by a decision of the Company's Board of Directors on 26 February 2015.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**27. PRIOR YEARS' PROFIT/LOSS**

The Group has no previous year profit as at 31 December 2015 (31 December 2014: 146).

**28. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2015, TL 12.076 of letters of guarantee are given to customs, authorities and banks (31 December 2014: TL 4.914).

As at 31 December 2015, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 1.813 (31 December 2014: TL 7.464). The Group has provided a provision amounting to TL 429 for litigations (31 December 2014: TL 510) in the accompanying consolidated financial statements (Note 21). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 December 2015, the Group has letter of credit commitments of USD 1.840.000 and EUR 10.578.265 (TL 38.963) (31 December 2014: USD 5.316.391, EUR 6.605.656, GBP 49.000 and JPY 75.090.000 (TL 32.590)).

As at 31 December 2015, the Group has factoring commitments of TL 14.131 (31 December 2014: TL 66.638).

As at 31 December 2015, the Group has lease commitments of USD 3.178.803, EUR 21.134.882, TL 37.062.039 (TL 113.463) (31 December 2014: USD 11.028.362, EUR 22.715.385, TL 50.117 (TL 139.764)).

As at the reporting date, the Group does not have any guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables.

As at 31 December 2015 details of derivatives are as follows:

<b>31 December 2015</b>		
	Amount as Original Currency	TL
Currency Swap Purchases:		
USD	11.500.000	33.437
EUR	319.728	1.016
TL	640.080.129	640.080
		<b>674.533</b>
Currency Swap Sales:		
USD	166.609.524	484.434
EUR	64.170.795	203.909
GBP	235.256	1.012
TL	33.535.150	33.535
		<b>722.890</b>
<b>31 December 2015</b>		
	Amount as Original Currency	TL
Forward Purchase Transactions:		
USD	2.000.000	5.815
		<b>5.815</b>
Forward Sales Transactions:		
TL	5.829.000	5.829
		<b>5.829</b>





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28. COMMITMENTS AND CONTINGENCIES (Continued)**

As at 31 December 2014 details of derivatives are as follows:

		<b>31 December 2014</b>	
		Amount as	TL
		Original Currency	
Currency Swap Purchases:			
USD	25.000.000		57.973
EUR	44.185.986		124.635
TL			884.454
			<b>1.067.062</b>
Currency Swap Sales:			
USD	183.426.191		425.347
EUR	158.370.540		446.716
TL			161.387
			<b>1.033.450</b>

		<b>31 December 2014</b>	
		Amount as	TL
		Original Currency	
Forward Purchase Transactions:			
TL			8.230
			<b>8.230</b>
Forward Sales Transactions:			
EUR	2.579.106		7.275
			<b>7.275</b>

Derivative transactions performed with related parties are presented in Note 9.

The Group has TL 68,471 of unrealized loss and TL 5,719 of unrealized profit in relation to the fair value changes of swap transactions designated at through profit or loss at 31 December 2015 (Note 4) (31 December 2014: TL 36,626 loss and TL 21,590 income).

As at 31 December 2015, analysis of derivatives according to their maturities is as follows:

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Currency Swap Purchases	667.075	7.458	674.533
Currency Swap Sales	710.775	12.115	722.890
Forward Purchase Transactions	5.815	-	5.815
Forward Sales Transactions	5.829	-	5.829

As at 31 December 2014, analysis of derivatives according to their maturities is as follows:

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Currency Swap Purchases	565.225	501.837	1.067.062
Currency Swap Sales	578.325	455.125	1.033.450
Forward Purchase Transactions	8.230	-	8.230
Forward Sales Transactions	7.275	-	7.275



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

## 29. SEGMENT REPORTING

Information regarding the Group's operating business segments is based on the Group's management and internal reporting structure.

Segment capital expenditure is the total cost incurred during the period to acquire tangible assets and intangible assets.

### **Business segments**

The Group comprises the following main business segments:

- Leasing Includes the Group's finance lease activities
- Factoring operations Includes the Group's factoring activities

<b>31 December 2015</b>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
Total assets	3.655.849	1.978.755	(53.766)	5.580.838
Total liabilities	2.963.506	1.878.924	-	4.842.430
Net profit	81.481	24.167	(23.645)	82.003
<b>31 December 2014</b>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
Total assets	3.161.195	1.454.609	(35.382)	4.580.422
Total liabilities	2.535.172	1.378.431	-	3.913.603
Net profit	72.421	7.753	(1.688)	78.486



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**29. SEGMENT REPORTING (Continued)**

<b>31 December 2015</b>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidation Adjustments</b>	<b>Total</b>
Operating Income	264.839	134.492	-	399.331
Financial Expenses (-)	(186.615)	(98.185)	-	(284.800)
Gross Profit / Loss	78.224	36.307	-	114.531
Operating Expense (-)	(30.877)	(16.039)	-	(46.916)
Gross Operating Profit/Loss	47.347	20.268	-	67.615
Other Operating Income	232.805	100.944	(18.384)	315.365
Provision for Losses on Non-Performing Receivables (-)	(41.511)	(6.971)	-	(48.482)
Other operating Expenses (-)	(141.123)	(83.597)	-	(224.720)
Net Operating Profit / Loss	97.518	30.644	(18.384)	109.778
Profit or Loss from Continuing Operations	97.518	30.644	(18.384)	109.778
Provision for Taxes from Continuing Operations (±)	(16.037)	(6.477)	-	(22.514)
Net Profit or Loss from Continuing Operations	81.481	24.167	(18.384)	87.264
Non-controlling Interests	-	-	(5.261)	(5.261)
<b>Net Profit or Loss for the Period</b>	<b>81.481</b>	<b>24.167</b>	<b>(23.645)</b>	<b>82.003</b>
Fixed Asset Additions	1.395	491	-	1.886
Depreciation and Amortisation	(910)	(360)	-	(1.270)

<b>31 December 2014</b>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidation Adjustments</b>	<b>Total</b>
Operating Income	186.567	89.248	-	275.815
Financial Expenses (-)	(141.742)	(58.743)	-	(200.485)
Gross Profit / Loss	44.825	30.505	-	75.330
Operating Expense (-)	(26.638)	(13.702)	-	(40.340)
Gross Operating Profit/Loss	18.187	16.803	-	34.990
Other Operating Income	150.277	10.593	-	160.870
Provision for Losses on Non-Performing Receivables (-)	(28.248)	(11.690)	-	(39.938)
Other operating Expenses (-)	(58.305)	(4.454)	-	(62.759)
Net Operating Profit / Loss	81.911	11.252	-	93.163
Profit or Loss from Continuing Operations	81.911	11.252	-	93.163
Provision for Taxes from Continuing Operations (±)	(9.490)	(3.499)	-	(12.989)
Net Profit or Loss from Continuing Operations	72.421	7.753	-	80.174
Non-controlling Interests	-	-	(1.688)	(1.688)
<b>Net Profit or Loss for the Period</b>	<b>72.421</b>	<b>7.753</b>	<b>(1.688)</b>	<b>78.486</b>
Fixed Asset Additions	16.955	508	-	17.463
Depreciation and Amortisation	(738)	(275)	-	(1.013)



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**30. EVENTS AFTER REPORTING PERIOD**

Within the framework of resolution of Capital Market Board of Turkey dated 8 July 2015, the bonds which the company issued dated 14 January 2016 with a nominal value of TL 238.000, a maturity of 179 days and a maturity of 12 July 2016 have started to be traded in Exchange of Debt Instruments Market Outright Purchases and Sales Market since 18 January 2016.

**31. OPERATING INCOME**

For the periods ended 31 December 2015 and 31 December 2014, details of operating income are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Finance lease interest income	264.839	186.567
Factoring income	134.492	89.248
	<u><b>399.331</b></u>	<u><b>275.815</b></u>

**32. OPERATING EXPENSES**

For the periods ended 31 December 2015 and 31 December 2014, operating expenses are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Personnel expenses	(28.110)	(23.429)
Office rent expenses	(4.192)	(3.302)
Board of Directors attendance fee	(1.889)	(1.643)
Information technology expenses	(1.745)	(1.589)
Consultancy expenses	(1.500)	(1.731)
Travel and car expenses	(1.330)	(1.218)
Depreciation and amortisation expense	(1.270)	(1.013)
Office contribution expenses	(1.047)	(954)
BRSA fee	(620)	(540)
Provision for employee severance indemnity	(558)	(378)
Advertising expense	(506)	(271)
Capital increase expense	(385)	(217)
Litigation expenses	(237)	(397)
Other general administrative expenses	(3.527)	(3.658)
	<u><b>(46.916)</b></u>	<u><b>(40.340)</b></u>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**33. OTHER OPERATING INCOME**

For the periods ended 31 December 2015 and 31 December 2014, details of other operating income are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Foreign exchange gains	151.062	10.626
Income from derivative financial transactions	138.069	141.873
Interest income	6.618	6.103
Dividend income	3.800	2.447
Collections from non-performing receivables	2.875	1.854
Commission income	3.899	3.240
Others	9.042	13.653
	<b>315.365</b>	<b>179.796</b>

**34. FINANCE EXPENSES**

For the periods ended 31 December 2015 and 31 December 2014, details of financial expenses are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Interest expense on funds borrowed	(204.585)	(164.770)
Interest expense on debt securities issued	(71.895)	(29.799)
Fees and commissions expense	(8.320)	(5.916)
	<b>(284.800)</b>	<b>(200.485)</b>

**35. PROVISION FOR NON-PERFORMING RECEIVABLES**

For the periods ended 31 December 2015 and 31 December 2014, details of provision for non-performing receivables are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Specific provision expenses	(48.005)	(39.732)
General provision expenses	(477)	(206)
	<b>(48.482)</b>	<b>(39.938)</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**36. OTHER OPERATING EXPENSES**

For the periods ended 31 December 2015 and 31 December 2014, details of other operating expenses are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Losses from derivative financial transactions	(220.598)	(78.226)
Impairment and sales losses on securities portfolio	-	(3)
Impairment losses on tangible assets (Note 10)	(602)	-
Other	(3.520)	(3.456)
	<u><b>(224.720)</b></u>	<u><b>(81.685)</b></u>

Derivative financial instruments with a view to direct the Group's financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values.

Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income/expense components in the interim periods.

The difference as foreign currency expense difference between income/loss is at amounting TL 6.199 from measurement difference of such transactions in the Group's financial statements as at 31 December 2015 (31 December 2014: TL 7.012 foreign exchange losses). The difference is expected to be substantially expired at the maturity of transactions.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 37. TAXATION

For the periods ended 31 December 2015 and 31 December 2014, details of income tax expense are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Current tax charge	(19.913)	(4.712)
Deferred tax benefit	(2.601)	(8.277)
	<u><b>(22.514)</b></u>	<u><b>(12.989)</b></u>

The reported income tax expenses for the period is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Group, as shown in the following reconciliation:

	1 January- 31 December		1 January- 31 December	
	%	2015	%	2014
Net profit for the period		87.264		80.174
Total tax income		22.514		12.989
Profit before tax		109.778		93.163
Income tax using the Company's tax rate	19,82	21.761	20,00	18.633
Non-deductible expenses	3,88	4.256	7,66	7.138
Tax exempt income	(0,73)	(798)	(0,55)	(508)
Investment incentives	(1,53)	(1.678)	(10,37)	(9.661)
Other	(0,94)	(1.027)	(2,80)	(2.613)
<b>Total income tax expense</b>	<b>20,50</b>	<b>22.514</b>	<b>13,94</b>	<b>12.989</b>

#### Corporate Tax

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As at 31 December 2015, corporate income tax rate is 20% (31 December 2014: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% (31 December 2014: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses cannot be carried back to offset profit from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**37. TAXATION (Continued)**

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10 % period between 24 April 2003 and 22 July 2006. This rate was changed to 15% with the cabinet decision numbered 2006/10731 commencing from 22 June 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8 % is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. After this date, companies can deduct 40 % of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the companies. There is no withholding tax on the investments incentives utilized without investment incentive certificates.

Investment Incentives

Temporary Article 69 added to the Income Tax Law numbered 193 with Law no 5479, which became effective starting from 1 January 2006, upon being promulgated in Official Gazette no 26133 dated 8 April 2006, stating that taxpayers can deduct the investment allowance exemption amounts which were present according to legislative provisions effective on 31 December 2005 (and by taking into account the corporate tax legislation in that date) only from the corporate profits of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006.

At this perspective, an investment allowance which cannot be deducted partially or totally in three years was not allowed to be transferred to following years and became unavailable as of 31 December 2008. On the other side, Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of Article 2 and Article 15 of the Law no 5479 and the right of investment allowance became unavailable during the period of 1 January 2006 and 8 April 2006.

However, on 15 October 2009, Turkish Constitutional Court decided to cancel the clause numbered (2) of the Article 15 of the Law 5479 and expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, time limitations for carried forward investment allowance gained in the previous period of mentioned date and limitations related to investments commenced between the dates of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation of investment allowance become effective with promulgation of decision on the official gazette and the decision of Turkish Constitutional Court was promulgated in Official Gazette no 27456 dated 8 January 2010.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**37. TAXATION (Continued)**

According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year according to amendments to the Income Tax Law promulgated in Official Gazette no 27659 dated 1 August 2010. With this amendment, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20%) instead of the previous rate of 30 %.

The statement "the amount of investment allowance to be utilized may not exceed 25 % of earnings for the year" was cancelled by the Constitutional Court decision No.2012/9 dated 9 February 2012. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25 % limit into account.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 38. EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

The weighted average number of shares of the Group and earnings per share for the year ended 31 December 2015 and 31 December 2014 are as follows:

	<b>1 January- 31 December 2015</b>	<b>1 January- 31 December 2014</b>
Weighted average number of outstanding shares (*)	53.030.264.500	46.150.300.000
Net profit for the period (TL)	82.003	78.486
Basic earnings per share (full Kurus) (**)	0,15	0,15

(\*) As at 31 December 2015, the share capital of the Company consists of 53.030.264.500 shares having Kurus 1 nominal price.

(\*\*) Capital increase has been made through internal resources and has been used in the calculation of the prior period's earnings per share figure.

	<b>31 December 2015</b>	<b>31 December 2014</b>
Number of shares at beginning of the period	46.150.300.000	42.436.500.000
Capital increase (**)	6.879.964.500	3.713.800.000
<b>Number of shares at end of the period</b>	<b>53.030.264.500</b>	<b>46.150.300.000</b>

### 39. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS**

(a) Capital risk management

The Group manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

Although there is no change in the capital risk management strategy in 2015, the debt/equity ratio is 16 % (31 December 2014: 18 %). As at 31 December 2015 and 31 December 2014, the leverage ratios are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Funds borrowed	3.719.458	3.387.541
Debt securities issued	941.201	403.422
Miscellaneous payables	49.782	38.527
Other liabilities	36.754	35.877
Total liabilities	4.747.195	3.865.367
Banks (-)	(225.724)	(180.217)
Net liabilities	4.521.471	3.685.150
 Total shareholders' equity	 738.408	 666.819
 Shareholders' equity / liabilities	 16%	 18%

According to the credit rating reports of Fitch issued at 10 July 2015, credit ratings of the Company are as follows:

**Foreign Currency**

Long term	BBB-
Short term	F3
Outlook	Stable

**TL**

Long term	BBB-
Short term	F3
Outlook	Stable

**National**

Long term	AA+ (tur)
Outlook	Stable
Support	2

(b) Significant accounting policies

The Group's accounting policies on financial instruments are disclosed in Note 3 "Significant accounting policies".



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(c) Categories of financial instruments

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b><u>Financial Assets:</u></b>		
Banks	225.724	180.217
Financial assets at fair value through profit or loss:		
-Financial assets held for trading	4.670	459
-Derivative financial assets held for trading	5.719	21.590
Finance lease receivables and non-performing receivables, net	3.287.101	2.841.040
Factoring receivables and non-performing factoring receivables, net	1.951.274	1.433.210
Insurance receivables (*)	4.691	4.357
Other receivables (*)	909	760
Financial assets available for sale	22.919	22.382
<b><u>Financial Liabilities:</u></b>		
Derivative financial liabilities held for trading	(68.471)	(36.626)
Miscellaneous payables and other liabilities	(86.536)	(74.404)
Funds borrowed	(3.719.458)	(3.387.541)
Debt securities issued	(941.201)	(403.422)

(\*) Included in other receivables.

(d) Financial risk management objectives

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Group does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

In order to minimize potential risks, the Group reports monthly to the risk management committee which is in charge of monitoring risks and the policies applied.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section f), interest rates (refer to section g) and equity prices will affect the Group's income or the value of its holdings of financial instruments. To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the following:

- "Forward foreign exchange contracts" to hedge the exchange rate risk arising from operations.
- "Currency swaps" to control the exchange rate risk of foreign currency denominated liabilities.

At the Group level, market risk exposures are measured by sensitivity analysis.

There has been no change in the Group's exposure to market risks or the method it uses to manage and measure such risks.

(f) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Group manages this currency risk by using the foreign exchange derivative contracts.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(f) Currency risk management (Continued)

As at 31 December 2015 and 31 December 2014, details of foreign currency denominated assets and liabilities are as follows:

<b>31 December 2015 (*)</b>	<b>USD (000)</b>	<b>EUR (000)</b>	<b>GBP (000)</b>	<b>JPY (000)</b>	<b>AUD (000)</b>	<b>TL Equivalent</b>
Banks	35.830	37.698	41	26	-	224.146
Finance lease receivables	345.328	329.781	-	-	-	2.051.987
Factoring receivables	82.999	57.801	3.649	-	2	440.693
Advances given for lease transactions	4.929	4.122	-	-	-	27.429
Leasing contracts in progress	2.424	3.966	-	-	-	19.649
Other receivables	220	521	-	-	-	2.297
Other assets	6	24	-	-	-	93
Total assets (**)	471.736	433.913	3.690	26	2	2.766.294
Funds borrowed	(308.720)	(362.997)	(190)	-	-	(2.051.909)
Miscellaneous payables and other liabilities	(7.565)	(13.732)	(29)	(3.464)	(1)	(65.842)
Other provisions	(937)	-	-	-	-	(2.723)
Total liabilities (**)	(317.222)	(376.729)	(219)	(3.464)	(1)	(2.120.474)
Balance sheet position	154.514	57.184	3.471	(3.438)	1	645.821
Off balance sheet position	(153.110)	(63.851)	(235)	-	-	(649.086)
<b>Net foreign currency position</b>	<b>1.404</b>	<b>(6.667)</b>	<b>3.236</b>	<b>(3.438)</b>	<b>1</b>	<b>(3.265)</b>

(\*) As at 31 December 2015, foreign currency indexed borrowings amounting to USD 6.760 and EUR 20.409 (Total: TL 84.507), foreign currency indexed factoring receivables amounting to USD 21.140 and EUR 14.397 (Total: TL 107.213) are presented in TL column in the accompanying consolidated statement of financial position.

(\*\*) As at 31 December 2015, accruals of derivative assets amounting to TL 4.536 and derivative liabilities amounting to TL 68.471 are not included.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(f) Currency risk management (Continued)

<b>31 December 2014 (*)</b>	<b>USD (000)</b>	<b>EUR (000)</b>	<b>GBP (000)</b>	<b>JPY (000)</b>	<b>TL Equivalent</b>
Banks	10.791	54.403	-	27	178.478
Finance lease receivables	415.921	300.561	-	-	1.812.271
Factoring receivables	61.075	52.970	1.994	-	298.209
Advances given for lease transactions	4.955	8.338	147	-	35.536
Leasing contracts in progress	2.030	5.951	-	-	21.492
Other assets	234	581	-	-	2.181
Other receivables	7	6	-	-	35
Total assets (**)	495.013	422.810	2.141	27	2.348.202
Funds borrowed	(344.267)	(309.273)	(596)	-	(1.672.831)
Miscellaneous payables and other liabilities	(4.812)	(11.527)	(49)	(412)	(43.860)
Other provisions	(968)	-	-	-	(2.245)
Total liabilities (**)	(350.047)	(320.800)	(645)	(412)	(1.718.936)
Balance sheet position	144.966	102.010	1.496	(385)	629.266
Off balance sheet position	(158.426)	(116.764)	-	-	(696.730)
<b>Net foreign currency position</b>	<b>(13.460)</b>	<b>(14.754)</b>	<b>1.496</b>	<b>(385)</b>	<b>(67.464)</b>

(\*) As at 31 December 2014, foreign currency indexed borrowings amounting to USD 13.924 and EUR 13.390 (Total: TL 70.056) and foreign currency indexed factoring receivables amounting to USD 12.615 and EUR 13.796 (Total: TL 68.167) are presented in TL column in the accompanying consolidated statement of financial position.

(\*\*) As at 31 December 2014, accruals of derivative assets amounting to TL 21.386 and derivative liabilities amounting to TL 35.429 are not included

Foreign currency sensitivity

The Group is mainly exposed to USD and EUR exchange rate risks.

The table below indicates the sensitivity of the Group to USD and Euro when there is a 15 % of change in such exchange rates. The Group uses 15 % of rate change when it reports its foreign currency risk to the top management and this rate represents the top management's expectation on the exchange rate fluctuations. Sensitivity analysis made in relation to the Group's exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

**31 December 2015**

15% change of the USD against TL

	Profit / (Loss)		Equity(★)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- Net USD asset/liability	67.390	(67.390)	67.390	(67.390)
2- Hedged portion of TL against USD risk (-)	(66.777)	66.777	(66.777)	66.777
3- Net effect of USD ( 1+ 2)	613	(613)	613	(613)

15% change of the Euro against TL

	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
4- Net Euro asset/liability	27.256	(27.256)	27.256	(27.256)
5- Hedged portion of TL against Euro risk (-)	(30.434)	30.434	(30.434)	30.434
6- Net effect of Euro (4+5)	(3.178)	3.178	(3.178)	3.178

15% change of other foreign currencies against TL

	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
7- Net other foreign currencies asset/liability	1.409	(1.409)	1.409	(1.409)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	1.409	(1.409)	1.409	(1.409)

**TOTAL (3+6+9)**

<b>(1.156)</b>	<b>1.156</b>	<b>(1.156)</b>	<b>1.156</b>
----------------	--------------	----------------	--------------

(★) Includes profit/loss effect.

**31 December 2014**

15% change of the USD against TL

	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- Net USD asset/liability	50.424	(50.424)	50.424	(50.424)
2- Hedged portion of TL against USD risk (-)	(55.106)	55.106	(55.106)	55.106
3- Net effect of USD ( 1+ 2)	(4.682)	4.682	(4.682)	4.682

15% change of the Euro against TL

	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
4- Net Euro asset/liability	43.161	(43.161)	43.161	(43.161)
5- Hedged portion of TL against Euro risk (-)	(49.403)	49.403	(49.403)	49.403
6- Net effect of Euro (4+5)	(6.242)	6.242	(6.242)	6.242

15% change of other foreign currencies against TL

	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
7- Net other foreign currencies asset/liability	524	(524)	524	(524)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	524	(524)	524	(524)

**TOTAL (3+6+9)**

<b>(10.400)</b>	<b>10.400</b>	<b>(10.400)</b>	<b>10.400</b>
-----------------	---------------	-----------------	---------------

(★) Includes profit/loss effect.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

The Group uses forward foreign exchange contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency.

(g) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Group's exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Group management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management.

As at 31 December 2015 and 31 December 2014, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b><u>Fixed rate instruments</u></b>		
Financial assets:		
Banks	209.536	173.493
Finance lease receivables (*)	3.031.848	2.546.861
Factoring receivables	1.579.110	1.222.883
Financial liabilities:		
Funds borrowed	2.608.551	2.525.482
Debt securities issued	686.567	98.367
<b><u>Variable rate instruments</u></b>		
Financial assets:		
Finance lease receivables (*)	186.174	196.985
Factoring receivables	372.164	210.327
Financial liabilities:		
Borrowings	1.110.907	862.059
Debt securities issued	254.634	305.055

(\*) Leasing contracts in progress and advances given are not included in the balances above.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

- Interest income from finance leases with variable interest rates would be higher at an amount of TL 1.836 (31 December 2014: TL 1.943)
- Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 3.671 (31 December 2014: TL 2.074)
- Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 12.868 (31 December 2014: TL 8.053)

(h) Other price risks

The Group is exposed to equity securities price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Group.

Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

If data used in the valuation method were 15 % higher / lower and all other variables were fixed:

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Borsa İstanbul (Istanbul Stock Exchange) held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TL 896 (31 December 2014: TL 598).



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of finance lease receivables is as follows:

	<b>31 December 2015 (%)</b>	<b>31 December 2014 (%)</b>
Construction	21,90	20,55
Metal industry	16,16	16,87
Transportation	9,13	11,28
Textile	6,92	5,96
Food and beverage	5,51	6,92
Chemical and plastic	4,42	4,74
Finance	4,09	2,76
Tourism	3,82	5,48
Retail and wholesale	3,45	1,91
Mining	3,44	3,16
Forestry products and paper	3,23	2,98
Agriculture and forestry	3,11	1,96
Healthcare	2,75	3,13
Machinery and equipment	1,68	2,32
Other	10,39	9,98
	<b>100,00</b>	<b>100,00</b>

Leased asset allocation of finance lease receivables is as follows:

	<b>31 December 2015 (%)</b>	<b>31 December 2014 (%)</b>
Real estate	36,03	37,94
Machinery and equipment	26,23	27,00
Building and construction machinery	14,75	13,05
Sea transport vessels	2,41	2,73
Air transportation equipments	2,84	4,32
Medical equipment	1,82	1,88
Textile machinery	4,43	4,16
Printing machinery	1,17	1,22
Tourism equipment	2,41	2,02
Electronic and optical equipment	3,77	2,63
Office equipments	1,20	0,77
Road transportation equipments	0,85	1,05
Other	2,09	1,23
	<b>100,00</b>	<b>100,00</b>



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(i) Credit risk management (Continued)

As at 31 December 2015, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables					Deposits	Fair value through profit/loss financial assets	Financial assets available for Sale	Insurance receivables	Other Receivables
	Finance Lease Receivables		Factoring Receivables							
	Related party	Third party	Related party	Third party	Third party					
31 December 2015										
Exposure to maximum credit risk as at reporting date (*)	91,678	3,195,423	40,847	1,910,427	225,724	10,389	-	4,691	909	
- The portion of maximum risk covered by guarantee	-	286,938	-	18,767	-	-	-	-	-	
A. Net carrying value of financial assets which are neither impaired nor overdue	91,678	3,121,354	40,847	1,903,631	225,724	10,389	-	4,691	909	
- The portion covered by guarantee	-	227,313	-	18,767	-	-	-	-	-	
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	1,299	-	-	-	-	-	
C. Net carrying value of financial assets which are overdue but not impaired	-	36,194	-	-	-	-	-	-	-	
- The portion covered by guarantee	-	54,559	-	-	-	-	-	-	-	
D. Net carrying value of impaired assets	-	37,875	-	5,497	-	-	-	-	-	
- Overdue (gross book value)	-	142,353	-	36,640	-	-	-	-	-	
- Impairment (-)	-	(107,910)	-	(31,143)	-	-	-	-	-	
- Covered portion of net book value (with letter of guarantee etc) (**)	-	5,066	-	-	-	-	-	-	-	
- Not past due (gross book value)	-	4,129	-	-	-	-	-	-	-	
- Impairment (-)	-	(697)	-	-	-	-	-	-	-	
- Covered portion of net book value (with letter of guarantee etc) (**)	-	-	-	-	-	-	-	-	-	
Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-	

(\*) Guarantees received are not taken into account in the calculation

(\*\*) Includes collaterals for the assets impaired but not overdue.

(\*\*\*) Equity securities are not included in the table as they have not been market risk.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(i) Credit risk management (Continued)

As at 31 December 2014, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables							Financial assets available for sale	Insurance receivables	Other Receivables
	Finance Lease Receivables			Factoring Receivables						
	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets				
<b>31 December 2014</b>										
Exposure to maximum credit risk as at reporting date (*)	57,338	2,783,702	13,027	1,420,183	180,217	22,049	-	4,357	760	
- The portion of maximum risk covered by guarantee	-	285,414	-	32	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	57,338	2,714,617	13,027	1,418,861	180,217	22,049	-	4,357	760	
- The portion covered by guarantee	-	156,017	-	32	-	-	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	1,322	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	13,837	-	-	-	-	-	-	-	-
- The portion covered by guarantee	-	117,601	-	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	55,248	-	-	-	-	-	-	-	-
- Overdue (gross book value)	-	95,688	-	24,348	-	-	-	-	-	-
- Impairment (-)	-	(76,665)	-	(24,348)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	11,796	-	-	-	-	-	-	-	-
- Not past due (gross book value)	-	39,702	-	-	-	-	-	-	-	-
- Impairment (-)	-	(3,477)	-	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-	-	-
Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-	-

(\*) Guarantees received are not taken into account in the calculation.

(\*\*) Includes collaterals for the assets impaired but not overdue.

(\*\*\*) Equity securities are not included in the table as they have not been market risk.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(i) Credit risk management (Continued)

As at 31 December 2015 and 31 December 2014, details of finance lease receivables rating in terms of internal rating information:

	<b>31 December 2015 (%)</b>	<b>31 December 2014(%)</b>
Internal rating results:		
A+ (Perfect)	0,84	0,09
A (Very good)	0,11	3,13
A- (Good)	6,26	11,37
B+ (Satisfactory)	27,16	25,21
B (Close Monitoring)	22,48	20,92
B- (Insufficient)	24,45	20,09
C+ (Doubtful)	15,92	15,18
C (Loss)	2,78	3,98
Not rated	-	0,03
<b>Total</b>	<b>100,00</b>	<b>100,00</b>

The Company has started SME-Micro scoring system. Accordingly, clients with revenue amounts under USD 1 million and credit limits below USD 60.000 will be subject to scoring under Micro title and the clients with revenue amounts between USD 1 million and USD 8 million and credit limits between USD 60.000 and USD 1 million are to be categorized as SME. The ratio of companies which are subjected to SME and Micro Scoring to total portfolio is 15,05% as at 31 December 2015 (31 December 2014: 13,81%).

As at 31 December 2015, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	<b>31 December 2015 (%)</b>
High	33,83
Medium	56,25
Low	9,92
<b>Total</b>	<b>100,00</b>

As at 31 December 2014, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	<b>31 December 2014(%)</b>
High	36,65
Medium	54,78
Low	8,57
<b>Total</b>	<b>100,00</b>

The aging analysis of overdue finance lease receivables is disclosed in Note 8. The Group does not have overdue financial assets other than finance lease receivables.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

Collaterals obtained for finance lease receivables and factoring receivables including past dues and non-performing receivables are as follows:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	Nominal Value	Fair Value (*)	Nominal Value	Fair Value (*)
Other mortgages	637.027	189.232	688.465	231.078
Pledged shares	74.111	17.900	17.900	17.900
Letters of guarantee	37.504	37.873	33.361	20.764
Cash blockages	11.109	8.833	15.280	12.748
Ship mortgage	7.269	-	5.797	-
Equity securities	2.450	2.450	2.450	2.450
Guarantors	1.797	583	1.620	506
Pledged account	762	27.508	-	-
Pledged commercial	15.000	21.326	-	-
Collaterals of factoring transaction	3.043.422	1.380.968	2.406.905	378.327
	<b>3.830.451</b>	<b>1.686.673</b>	<b>3.171.778</b>	<b>663.773</b>

(\*) In determination of the fair value, lower of collateral amount or fair value up to the credit exposure amount has been taken into account.

(j) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the maturities of non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual amounts of the financial assets and liabilities based on their maturities. Interest amounts to be collected and to be disbursed regarding the Group's assets and liabilities have also been included in the table below.



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

**Liquidity Risk Table (Contunied)**

**31 December 2015**

	<b>Carrying Amount</b>	<b>Contractual Cash Flows (I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>3-12 Months (II)</b>	<b>1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b><u>Contractual Maturities</u></b>						
Non-derivative Financial Assets:						
Banks	225.724	225.749	225.749	-	-	-
Financial Assets Held For Trading	4.670	4.668	4.268	400	-	-
Finance Lease Receivables (*)	3.218.022	3.690.581	411.994	933.126	2.211.138	134.323
Factoring Receivables	1.951.274	1.986.623	1.402.148	560.255	24.220	-
Insurance Receivables	4.691	4.691	4.691	-	-	-
Other Receivables	909	909	909	-	-	-
<b>Total Assets</b>	<b><u>5.405.290</u></b>	<b><u>5.913.221</u></b>	<b><u>2.049.759</u></b>	<b><u>1.493.781</u></b>	<b><u>2.235.358</u></b>	<b><u>134.323</u></b>
Non-derivative Financial Liabilities:						
Funds Borrowed	3.719.458	3.829.173	1.701.094	1.194.146	877.230	56.703
Debt Securities Issued	941.201	969.498	382.672	586.826	-	-
Miscellaneous Payables and Other	86.536	86.536	79.984	2.071	4.481	-
<b>Total Liabilities</b>	<b><u>4.747.195</u></b>	<b><u>4.885.207</u></b>	<b><u>2.163.750</u></b>	<b><u>1.783.043</u></b>	<b><u>881.712</u></b>	<b><u>56.703</u></b>

(\*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not been scheduled yet.





**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

**Liquidity Risk Table (Continued)**

**31 December 2014**

	<b>Contractual</b>					
	<b>Cash</b>	<b>Less than</b>	<b>3-12</b>	<b>1-5</b>	<b>More</b>	
<b>Contractual Maturities</b>	<b>Flows</b>	<b>3 Months</b>	<b>Months</b>	<b>Years</b>	<b>than 5</b>	
	<b>Amount</b>	<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>Years (IV)</b>	
Non-derivative Financial Assets:						
Banks	180.217	180.289	180.289	-	-	-
Financial Assets Held For Trading	459	459	59	-	400	-
Finance Lease Receivables (*)	2.743.846	3.199.864	300.123	749.570	1.973.301	176.870
Factoring Receivables	1.433.210	1.461.828	1.048.662	407.146	6.020	-
Insurance Receivables	4.357	4.357	4.357	-	-	-
Other Receivables	760	760	760	-	-	-
<b>Total Assets</b>	<b>4.362.849</b>	<b>4.847.557</b>	<b>1.534.250</b>	<b>1.156.716</b>	<b>1.979.721</b>	<b>176.870</b>
Non-derivative Financial Liabilities:						
Funds Borrowed	3.387.541	3.562.866	1.228.332	957.548	1.304.109	72.877
Debt Securities Issued	403.422	439.089	107.554	69.375	262.160	-
Miscellaneous Payables and Other Liabilities	74.404	74.404	69.206	1.967	3.231	-
<b>Total Liabilities</b>	<b>3.865.367</b>	<b>4.076.359</b>	<b>1.405.092</b>	<b>1.028.890</b>	<b>1.569.500</b>	<b>72.877</b>

(\*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not been scheduled yet.

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2015 and 31 December 2014.

	<b>Contractual</b>					
	<b>Cash</b>	<b>Less than</b>	<b>3-12</b>	<b>1-5</b>	<b>More</b>	
<b>Contractual Maturities</b>	<b>Flows</b>	<b>3 Months</b>	<b>Months</b>	<b>Years</b>	<b>than 5</b>	
	<b>Amount</b>	<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>Years (IV)</b>	
<b>31 December 2015</b>						
Cash inflows from derivatives	-	680.348	458.463	214.426	7.458	-
Cash outflows from derivatives	(48.371)	(728.719)	(509.396)	(207.208)	(12.115)	-
<b>31 December 2014</b>						
Cash inflows from derivatives	34.567	1.075.292	276.390	297.065	501.837	-
Cash outflows from derivatives	-	(1.040.725)	(278.226)	(307.374)	(455.125)	-



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(k) Fair value of financial instruments

Except for the items below, the Group management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

Fair value of the financial instruments is determined based on the reliable data provided from financial markets in Turkey. Fair value of other financial assets is determined by the benchmarking market value of a similar financial asset or by assumption methods which includes discounting future cash flows with current interest rates.

The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their fair value in the financial statements.

31 December 2015	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Notes
<b>Financial Assets</b>								
Banks	-	225.724	-	-	-	225.724	225.724	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	4.670	-	-	-	-	4.670	4.670	4
- Derivative financial assets held for trading	5.719	-	-	-	-	5.719	5.719	4
Finance lease receivables and non-performing lease receivables	-	-	3.287.101	-	-	3.287.101	3.286.934	8
Factoring receivables and non-performing factoring receivables	-	-	1.951.274	-	-	1.951.274	1.951.274	7
Insurance receivables	-	-	4.691	-	-	4.691	4.691	15
Other Receivables	-	-	909	-	-	909	909	15
Available for sale financial assets	-	-	-	22.919	-	22.919	22.919	6
<b>Financial liabilities</b>								
Derivative financial assets held for trading	68.471	-	-	-	-	68.471	68.471	4
Miscellaneous payables and other liabilities	-	-	-	-	86.536	86.536	86.536	17
Funds borrowed	-	-	-	-	3.719.458	3.719.458	3.430.272	16
Debt securities issued	-	-	-	-	941.201	941.201	941.201	19



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(k) Fair value of financial instruments (Continued)

31 December 2014	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Notes
<b>Financial Assets</b>								
Banks	-	180.217	-	-	-	180.217	180.217	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	459	-	-	-	-	459	459	4
- Derivative financial assets held for trading	21.590	-	-	-	-	21.590	21.590	4
Finance lease receivables and non-performing lease receivables	-	-	2.841.040	-	-	2.841.040	2.894.010	8
Factoring receivables and non-performing factoring receivables	-	-	1.433.210	-	-	1.433.210	1.433.210	7
Insurance receivables	-	-	4.357	-	-	4.357	4.357	15
Other Receivables	-	-	760	-	-	760	760	15
Available for sale financial assets	-	-	-	22.382	-	22.382	22.382	6
<b>Financial liabilities</b>								
Derivative financial assets held for trading	36.626	-	-	-	-	36.626	36.626	4
Miscellaneous payables and other liabilities	-	-	-	-	74.404	74.404	74.404	17
Funds borrowed	-	-	-	-	3.387.541	3.387.541	3.402.398	16
Debt securities issued	-	-	-	-	403.422	403.422	403.422	19



**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT**  
**31 DECEMBER 2015**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**

(I) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets designated at fair value through profit or loss	402	4.268	-	4.670
Derivative financial assets held for trading	-	5.719	-	5.719
Available-for-sale financial assets (*)	20.533	-	347	20.880
<b>Total financial assets carried at fair value</b>	<b>20.935</b>	<b>9.987</b>	<b>347</b>	<b>31.269</b>
Derivative financial liabilities held for trading	-	68.471	-	68.471
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>68.471</b>	<b>-</b>	<b>68.471</b>

(\*) As at 31 December 2015, securities that are not publicly traded amounting to TL 2.039 have been measured at cost.

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets designated at fair value through profit or loss	400	59	-	459
Derivative financial assets held for trading	-	21.590	-	21.590
Available-for-sale financial assets (*)	20.041	-	302	20.343
<b>Total financial assets carried at fair value</b>	<b>20.441</b>	<b>21.649</b>	<b>302</b>	<b>42.392</b>
Derivative financial liabilities held for trading	-	36.626	-	36.626
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>36.626</b>	<b>-</b>	<b>36.626</b>

(\*)As at 31 December 2014, securities that are not publicly traded amounting to TL 2.039 have been measured at cost.



# ADDRESSES

## Head Office:

İş Kuleleri, Kule 1, Kat: 6, 4. Levent 34330 İstanbul / Turkey  
Tel: (+90 212) 350 74 00 Fax: (+90 212) 350 74 99

## Kozyatağı Branch:

Kozyatağı Mahallesi, Bayar Caddesi, Gülbahar Sokak, No: 17, Kat: 5, D: 54, Kozyatağı, İstanbul / Turkey  
Tel: (+90 216) 688 75 58 - (+90 216) 688 75 59 Fax: (+90 216) 688 49 76

## Avcılar Branch:

Bahçelievler Mahallesi, Yanyol D-100 Sokağı, Metroport Busidence, No: 14B, D: 609, Bahçelievler 34180 İstanbul / Turkey  
Tel: (+90 212) 442 05 21 Fax: (+90 212) 442 05 97

## Şişli Branch:

Kavacık Mahallesi, Cumhuriyet Caddesi, Ertürk Sokak, No:14, Beykoz, İstanbul / Turkey

## Gebze Branch:

Gebze Organize Sanayi Bölgesi, Meydan Binası, Kat:1, No:32, Gebze, Kocaeli / Turkey  
Tel: (+90 262) 677 12 56 - (+90 262) 677 12 58 Fax: (0262) 677 12 55

## Central Anatolian Regional Branch:

Vizyon Plaza, Yıldızevler Mahallesi, 714. Sokak, No: 5/43, Çankaya 06550 Ankara / Turkey  
Tel: (+90 312) 446 68 30 - (+90 312) 446 68 34 Fax: (+90 312) 447 36 96

## Ostim Branch:

100. Yıl Bulvarı, OFİM, No:99/17, Kat:4, Ostim, Yenimahalle, Ankara / Turkey  
Tel: (+90 312) 354 62 15 - (+90 312) 354 62 16 Fax: (+90 312) 354 62 17

## Aegean Regional Branch:

Ankara Caddesi, No:81, Bayraklı Tower K:10, D:70, Bayraklı, İzmir / Turkey  
Tel: (+90 232) 483 22 04 - (+90 232) 483 39 20 Fax: (+90 232) 483 12 38

## South Anatolian Regional Branch:

İncilipınar Mahallesi, Gazimuhtarpaşa Bulvarı, Kepkepzade Park İş Merkezi, A Blok, Kat: 7, No: 26  
Şehitkamil 27160 Gaziantep / Turkey  
Tel: (+90 342) 230 44 49 - (+90 342) 230 17 15 Fax: (+90 342) 220 92 62

## Marmara Regional Branch:

Odunluk Mahallesi, Akademi Caddesi, Zeno Business Center, No: 2, C-17, Nilüfer, Bursa / Turkey  
Tel: (+90 224) 452 56 52 - (+90 224) 452 32 40 Fax: (+90 224) 451 41 55

## Mediterranean Regional Branch:

Yeşilbahçe Mahallesi, 1460 Sokak, Turunç Plaza, No:6/17(AKS), Muratpaşa / Antalya  
Tel: (+90 242) 316 91 34 - (+90 242) 316 91 38 Fax: (+90 242) 316 91 78

## Çukurova Branch:

Çınarlı Mahallesi, Turhan Cemal Beriker Bulvarı, No: 31, Seyhan, Adana / Turkey  
Tel: (+90 322) 363 04 81 Fax: (+90 322) 363 04 82

## Trabzon Branch:

Kahramanmaraş Caddesi, No: 28/A, Merkez 61200 Trabzon / Turkey  
Tel: (+90 462) 321 14 22 Fax: (+90 462) 321 14 23

## Konya Branch:

Büsan Organize Sanayi Bölgesi, Fevzi Çakmak Mahallesi, Ankara Yolu, No: 224, Karatay, Konya / Turkey  
Tel: (+90 332) 345 44 27 - Fax: (+90 332) 345 44 28

## Denizli Branch:

Atatürk Caddesi, No:1, Kat:4, Merkez, Denizli / Turkey  
Tel: (+90 258) 265 50 80 Fax: (+90 258) 265 50 90

## Diyarbakır Branch:

Şeyh Şamil Mahallesi, Urfa Bulvarı, No:77/1, 2. Kat, Bağlar, Diyarbakır / Turkey  
Tel: (+90 412) 252 51 33 Fax: (+90 412) 252 51 32

## Kayseri Branch:

Erciyesevler Mahallesi, Güney Sokak, Sevgin Apt., No:46, Kocasinan, Kayseri / Turkey  
Tel: (+90 352) 240 77 00 Fax: (+90 352) 240 99 66