



RiskMetrics Group

ISS CORPORATE GOVERNANCE RATING

BASED UPON

“The Corporate Governance Principles of Turkey” issued by
the Capital Markets Board of Turkey

RATING REPORT ON

SEKERBANK

RATING RELEASE DATE

27.02.2009

Copyright © 2009 ISS Corporate Services, Inc. All Rights Reserved.

ISS Corporate Services, Inc. (ICS) is a wholly owned subsidiary of Institutional Shareholder Services Inc. (ISS). ICS provides advisory services, analytical tools and publications to issuers to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance practices. ISS' Institutional Global Research Department, which is separate from ICS, will not give preferential treatment to, and is under no obligation to support, any proxy proposal of a corporate issuer (whether or not that corporate issuer has purchased products or services from ICS). No statement from an employee of ICS should be construed as a guarantee that ISS will recommend that its clients vote in favor of any particular proxy proposal.

Disclaimer:

This Corporate Governance Rating Report has been prepared by ISS' Corporate Services division (ICS) based on publicly available information and according to the Corporate Governance Principles by the Turkish Capital Markets Board from June 2003 and as amended in February 2005. The report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS' Corporate Services division exercised due care in compiling this report, we make no warranty, express or implied, regarding the accuracy, completeness, or usefulness of this information and assume no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, this report and its contents are not intended to constitute an offer, solicitation or advice to buy or sell securities.


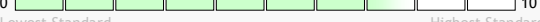
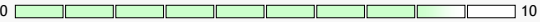
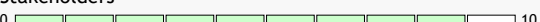

ISS' Corporate Services division provides advisory services, analytical tools and publications to issuers to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance practices. ISS' Institutional Global Research Department, which is separate from Corporate Services, will not give preferential treatment to, and is under no obligation to support, any proxy proposal of a corporate issuer (whether or not that corporate issuer has purchased products or services from ISS' Corporate Services division). No statement from an employee of ISS' Corporate Services should be construed as a guarantee that ISS will recommend that its clients vote in favor of any particular proxy proposal.

© 2009, Institutional Shareholder Services Inc. All Rights Reserved. The information contained in this Corporate Governance Rating Report may not be republished, broadcast, or redistributed without the prior written consent of Institutional Shareholder Services Inc and Sekerbank.

TABLE OF CONTENTS

Rating Summary	4
Rating Methodology	5
Executive Rating Summary	6
Company Overview	10
Section 1 - Shareholders	11
Summary	11
1.1 Rights Of Shareholders	11
1.1.1 Dividend And Voting Rights	11
1.1.2 Shareholders' Right To Obtain And Evaluate Information	12
1.1.3 Minority Rights	12
1.2 General Meeting	13
1.2.1 Invitation	13
1.2.2 Functioning	13
1.2.3 After The General Meeting	14
Section 2 - Public Disclosure And Transparency	15
Summary	15
2.1 Disclosure Means	15
2.1.1 Website	15
2.1.2 Annual Report	15
2.2 Disclosure Procedures	16
2.2.1 Information Policy	16
2.2.2 Public Disclosure	16
2.3 Transparency Issues	17
Section 3 - Stakeholders	18
Summary	18
3.1 Participation To The Management	19
3.2 Company Policy	19
3.2.1 Rights And Duties Of Stakeholders	19
3.2.2 Relation With Customers And Suppliers	19
3.3 Employees And Social Responsibility	19
Section 4 - Board Of Directors	21
Summary	21
4.1 Board Of Directors	21
4.1.1 Principles Of Activity, Duties, And Responsibilities Of The Board Of Directors	22
4.1.2 Structure	22
4.1.3 Functioning	23
4.1.4 Remuneration	23
4.2 Board Committees	24
4.2.1 In General	24
4.2.2 Audit Committee	24
4.2.3 Corporate Governance Committee	25
4.3 Internal Control And Risk Management	25
4.4 Executives	25
Appendix	27

RATING SUMMARY

COMPANY INFORMATION		ICS RATING RESULTS	
Sekerbank Buyukdere Caddesi No: 171 Metrocity A-Blok 34330, 1.Levent / Istanbul TURKEY <i>www.sekerbank.com.tr</i>	CHAIRMAN Mr. Dr. Hasan Basri GÖKTAN	OVERALL SCORE 81.36% 0  10 Lowest Standard Highest Standard	
	GENERAL MANAGER Ms. Meriç ULUŞAHİN		
INVESTOR RELATIONS Mr. Cenk Eynehan Phone: +90 212 319 7363 E-Mail: <i>cenk.eynehan@sekerbank.com.tr</i>		RESULTS BY CATEGORY	
		Shareholders 0  10 Lowest Standard Highest Standard	
		Public Disclosures and Transparency 0  10 Lowest Standard Highest Standard	
		Stakeholders 0  10 Lowest Standard Highest Standard	
		Board of Directors 0  10 Lowest Standard Highest Standard	

SUMMARY

ISS Corporate Services (hereafter, ICS) assigns a rating score of 8.0 to Sekerbank. This rating reflects a good overall performance of the company regarding its current corporate governance structures as measured against the Principles of the Turkish Capital Markets Board (CMB). The degree of compliance with the underlying CMB principles of around 81% indicates that beside the good performance there is still room for improvement and further implementation of corporate governance mechanisms.

Sekerbank has implemented a range of Corporate Governance friendly measures in the past calendar years in several fields such as risk management and internal control, board meetings, conflicts of interest, information policy or AGM.

Sekerbank scores particularly well in the area of rights and interactions with Stakeholders.

METHODOLOGY AT A GLANCE

ICS was first appointed by Sekerbank in December 2007 to review its current corporate governance structures and workings in line with Corporate Governance Principles developed by the Turkish Capital Markets Board. ICS has conducted an update of its analysis and rating throughout February 2009. The rating is based on public information. Correspondence and conversations with the company expanded upon the disclosures.

The Rating Report is based on information provided to ICS until February 2009. The rating may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

ANALYST CONTACT

Beatriz Irala
 181, Ch. De la Hulpe - 1170 - Brussels (Belgium)
 Tel : + 32 2 674 76 92
 E-mail: beatriz.iral@riskmetrics.com

RATING METHODOLOGY

UNDERLYING REFERENCE

The corporate governance (CG) rating at hand has been conducted by ISS' Corporate Services division based on the *Capital Markets Board (CMB) CG Principles* (CMB Principles). As such, it differs in content and methodology from ISS' standard CG ratings that are based on ISS' own methodology.

With respect to global financial market developments the CMB of Turkey has defined CG principles in 2003, followed by an amendment in early 2005. The CMB Principles have been compiled in line with an approach to restructure and harmonise the country's capital market according to international standards. Created by a committee consisting of representatives of the CMB, the Istanbul Stock Exchange, the Turkish Corporate Governance Forum as well as participants from the academic field and the private sector, the established CMB Principles represent a synthesis of various national and international regulations and codes (e.g. the *OECD Corporate Governance Principles*) on the one side and particular domestic considerations on the other side.

The CMB Principles are divided into four main sections:

- Shareholders
- Public Disclosure and Transparency
- Stakeholders
- Board of Directors

In addition to existing legislation, the Principles include provisions that go beyond legal obligation. Though the company is not obliged to fulfill these additional provisions, it has to fully apply a "comply or explain" approach. However, the Principles also contain certain recommendations, where a deviation does not have to be disclosed.

THE RATING

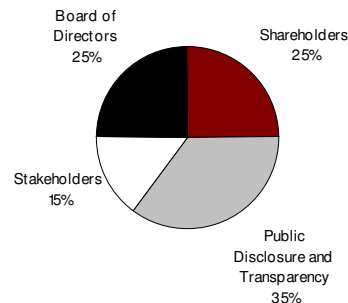
Based upon the CMB Principles, we identified more than 350 criteria to be included into the rating. Each single criterion has been examined thoroughly upon compliance by the company, on the basis of publicly available information. Additional information was

provided by the company upon request. Correspondence and conversations with senior company representatives clarified and expanded upon the disclosures.

While in most instances a straightforward 0 (no) or 1 (yes) scoring approach has been applied, we also attributed a score of 0.5 points in some instances to acknowledge a partial fulfillment by the company or where the rating criteria could not be applied to the full extent. In order to reach the highest rating result, a company also has to comply with the recommendations put forward by the CMB Principles.

The weighting scheme to be applied to the four main sections was pre-determined by the CMB as outlined below:

Weighting Scheme



Further sub-weightings have been attributed to the sub-criteria according to ISS' own reference.

Based upon the scoring and adjusted weightings the overall rating result has been calculated. The result reflects the overall compliance of the company with the constituted CG rating criteria. Besides the overall assessment, results also have been calculated for each main section, providing a differentiated picture of the company's strengths and weaknesses.

The rating results are displayed as a percentage, thereby indicating the most accurate result, and as a numeric result on a scale from zero (lowest) to ten (highest) with half-point steps to provide nuanced results.

EXECUTIVE RATING SUMMARY

Though the corporate governance (CG) structure and performance on the company level is of particular interest for shareholders, one should also acknowledge the CG situation on the country level. Despite the fact that the country level is not a part of the rating itself, we believe that an overview can enable investors to enhance their CG perspective and evaluation in a more holistic approach.

Turkey, as a promising emerging market and a candidate for future EU accession, is well aware of structural changes and the need for an ongoing development and harmonisation of its capital market legislation and has amended its legislation accordingly. Although, Turkey can be considered as a latecomer in CG development, it has tried to speed up the progress since the year 2000. The overall legal framework regulating public companies in Turkey is determined by the Turkish Commercial Code, the Capital Markets Law, the Decree-law, Capital Markets Board (CMB) regulations, and *Istanbul Stock Exchange* (ISE) listing requirements. Focusing in particular on CG the CMB and the ISE can be observed as key players in promoting relevant regulations. They are supported by several other organisations such as the *Turkish Industrialists' and Businessmen's Association*, *Corporate Governance Association of Turkey*, *Corporate Governance & Sustainability Center* and the *Corporate Governance Forum of Turkey*. However, despite rapid process on the regulatory side to improve the legal and institutional framework, the necessary implementation on the companies' side remains dissatisfying. According to a survey on CG in Turkey, conducted by *The Institute of International Finance* in 2005, the country finds itself still at an early stage of implementing a strong equity culture.

In the following, general aspects of Turkish CG practice are outlined.

COUNTRY ROUNDUP

- Within Turkish companies stock ownership is concentrated, very often characterised by the presence of a majority shareholder. In addition, holding structures, conglomerates, pyramid shareholding structures, and cross-shareholdings are quite common. Through these mechanisms Turkish families control a considerable amount of

Turkish listed companies. Additionally one can also find shares containing multiple voting rights, thus preserving family control.

- Due to the influential holdings of the families, family members are often present on the boards of the holdings and subsidiaries or act as executives.
- Due to the limited free float, hostile takeovers appear to be rare, thus, weakening the market for corporate control. However, state ownership has declined significantly in line with massive privatization, but is still to be found in the energy, communication and mining industries. In the meantime, foreign institutional investors started to increase their holdings.
- Issued stocks in Turkey range from ordinary shares, to preference shares. Golden shares only exist in few state-owned companies. The two types of equity securities in Turkey are bearer and registered shares, whereby most of the shares traded at ISE belong to the former one.
- Minority rights are granted to shareholders that own at least 5 % of the company's capital, providing them with the right to call an extraordinary General Meeting or bring in a shareholder proposal.
- In order to vote at a General Meeting, shareholders must either be present in person or can be represented by a proxy. Provisions do not contain postal or electronic voting possibilities as well as voting via a company representative, so called oriented proxy voting.
- Even though preemptive rights are granted by Turkish law at the first instance, companies can, through their articles of association, exclude preemptive rights in case of capital increases up to 100 % of their registered capital.
- Mandatory tender offer bid requirements exist according to different thresholds (e.g. increasing stake above 25 %)
- Disclosure of indirect or direct ownership in case various thresholds (e.g. 5, 10, 15, 20, 25, 1/3, 50, 2/3, and 75%) are passed.
- With the beginning of 2008, listed companies have been urged to adopt IFRS accounting standards.
- Turkish companies have a single tier board structure.
- The CMB Principles outline rules that regulate the independence of board members, thereby also

indicating that the board should be composed of at least 2 independent members and/or to at least one third.

SEKERBANK'S PERFORMANCE OVERVIEW

Sekerbank's overall rating result of above 81 % indicates a good compliance level with the established rating criteria with respect to the CMB Principles. Transferred on the numeric rating scale, the company's result equals an 8.0 conveying that the company has good CG structures and performance. The rating improvement of 1 point up from previously 7.0 (70%) in 2008 reconfirms Sekerbank's continuous efforts to live up to high standards of good corporate governance. However, the result also signals that there is still room to add momentum to the compliance with the CMB principles.

Sekerbank is committed to the CMB guidelines and in the last years has reviewed its practices and implemented pertinent CG mechanisms to comply with the principles. In 2005 the Investor Relations and Subsidiaries Division was created to ensure shareholders rights.

At the 2007 Extraordinary Meeting (AGM) it was agreed to revise Sekerbank's Articles of Association (AoA) according to the CMB principles. The major matters concerned by the amendment were, among others, the meetings of the board, the remuneration to board members, and the introduction of rules related to the AGM.

Sekerbank has made significant efforts to ensure compliance with the CMB guidelines. In addition to the mandatory CG compliance report as part of its annual report, Sekerbank also established an Audit and Corporate Governance Committees and a new risk and internal control system.

After establishing the above mentioned Committees in 2008 the Bank implemented a comprehensive Corporate Governance Policy. In early 2009 the bank has approved Information and Conflicts of interest policies. Considering these developments one can see evidence that Sekerbank is proactively pursuing good corporate governance practices on a continuous basis.

Reflecting the single results of the four main components of the rating, Sekerbank performs

satisfactorily in all of them. Sekerbank shows particular strength in its Stakeholders area where it outperforms most of its Turkish peers.

SHAREHOLDERS

With respect to shareholder issues, Sekerbank adheres to good practices as outlined by the CMB principles. A dividend policy has been established and voting rights are defined sufficiently. The bank only has registered shares. An Investor Relations and Subsidiaries Division has been established in order to maintain continuous communications with shareholders. One of its main responsibilities is the corporate investor relations' website. The IR website contains a satisfactory level of information in a clear and organized format.

As Sekerbank is controlled by two reference shareholders with a free float of only a third of its capital, this shareholder structure could potentially be detrimental to the interests of minority shareholders. The company has not implemented cumulative voting procedures yet. We acknowledge that shareholders have the right to ask for appointment of a special auditor under the Turkish Commercial Code. In this case, however, the company has refrained from making explicit mention of this recourse in the material made publicly available to shareholders. As a result, there is no way for investors, especially foreign-based ones with relatively little knowledge of local market practices, to gain a full understanding of their rights in this area. In line with international best practice, we urge the company to include all special provisions related to shareholder rights in its articles of association or other widely publicized corporate governance document.

The AGM follows principles ensuring fair and equitable treatment of shareholders. However there is room for improvement. For instance, an information note regarding the agenda items cannot be found on the corporate website. The invitation was sent less than three weeks prior to the meeting, deviating from the CMB guidelines. The minutes in English of the AGMs are available to shareholders on the website.

PUBLIC DISCLOSURE AND TRANSPARENCY

A new information policy has been approved by the Board and published on the corporate website. The company has a corporate website for investors with a CG section. The English site has been significantly enhanced in 2008. The AGM invitation was sent less than three weeks prior to the meeting. Relevant

information related to past AGM's was provided, except for the information note concerning the agenda items in its English version, that have not been uploaded to the website.

The company has taken several measures to enhance its level of transparency. Its adherence to its code of ethics and the insider trading list (with the people having potential access to confidential information) and the measures to avoid insider trading, being proof of it. Disclosure from the external auditor reveals that it does not offer consulting services and that it is subject to regular rotation. Both conditions work to ensure independence.

STAKEHOLDERS

Stakeholders' issues are duly considered and respected by Sekerbank. While most CMB suggestions are followed, some minor deficiencies are identified and examined within the rating report.

The company takes measures to address stakeholders' issues through the Investor Relations and Subsidiaries Division or the corporate website.

Stakeholders' opinions are taken into account in the management of the bank. A comprehensive model to ensure this interaction is, however, not in place.

The ethical rules applicable provide the essential rules that govern the relationships between the company and its different stakeholders.

Noteworthy issues are the existence of a union, which is rare in listed Turkish companies, and the existence of training programs to secure customer satisfaction.

Sekerbank has a Human Resources policy and has introduced a performance based compensation model.

BOARD OF DIRECTORS

The board of Sekerbank consists of eleven members, comprising General Manager of the Bank, which is in line with the Banking Law, five executive and six non-executive members, of which one is independent. This is not in compliance with the guideline that one-third of directors qualify as independent according to a strict interpretation of the CMB Principles. In order to support the work of the board, three committees have been established: the Corporate Governance Committee, the Audit Committee, and the Credit

Committee. The CG committee is headed by an independent director, and the Audit Committee is comprised of non-executive directors.

The board can be considered as actively involved in the company's development and performance and contributes to a material extent in setting up the vision and mission of the company.

Every board member is entitled to one vote without any privileges. Our assessment did not reveal issues that would question a good working atmosphere during board meetings. The company provides basic rules for the procedures for running the meetings in the AoA. The remuneration structure of board members follows most CMB recommendations on the subject.

A secretariat has been established to support the work of board members and ensure proper communication, but there is not much information about it.

A monthly report of the work performed by the executives as recommended by the CMB is prepared.

Compensation is not sufficiently explained in the company's public documents but there is a performance based bonus for executives.

FINAL REMARKS

With the rating at hand, investors are able to evaluate the corporate governance practices of Sekerbank according to their individual preferences. On the whole, the established structures and mechanisms can be considered in line with the CMB principles. Continuing the implementation of these principles at country level and considering international best practice will further enhance CG practice at Sekerbank and lower potential risk factors for investors. As structural changes in the capital market of Turkey proceed and economic development remains benign, one can assume that Turkey will become increasingly attractive to foreign investors. However, existing holding structures and majority shareholdings could be seen as a threat to minority shareholders, discouraging investment.

Thus, an extension of the free float paired with an amplified engagement by domestic and international shareholders, can be considered favorable, especially by foreign investors.

More detailed information on the compensation model for directors and an increased presence of independent directors on the board would further improve Sekerbank's corporate governance practices.

COMPANY OVERVIEW

Sekerbank was founded in 1953 as the “Sugar Beet Cooperative Bank” in Eskisehir, Turkey. It relocated its head office to Istanbul in 2004. It went public in 1997 and since then its shares trade on the Istanbul Stock Exchange. The Bank initiated partnership discussions with foreign investors during 2005 and 2006. In June 2006 the Bank’s two pension funds signed an agreement with BTA Securities JSC (“TAS”) of Kazakhstan, a fully owned subsidiary of BTA Bank JSC, for the sale of 33,98% of the Bank’s shares. This partnership was successfully concluded in March 2007. Distribution of the remaining shares: 33,98%, Pension Fund of the Bank; 31,96% Public; and 0,08% Private Sugar Factories and Sugarbeet Cooperatives and Unions.

Sekerbank initiated a major internal restructuring in 2002 to change from a traditional commercial bank into a multi-channel, diversified financial institution based on customer and segment focused applications. It consists of a service network comprising 250 branches, 10 regional directorates and 261 ATM’s.

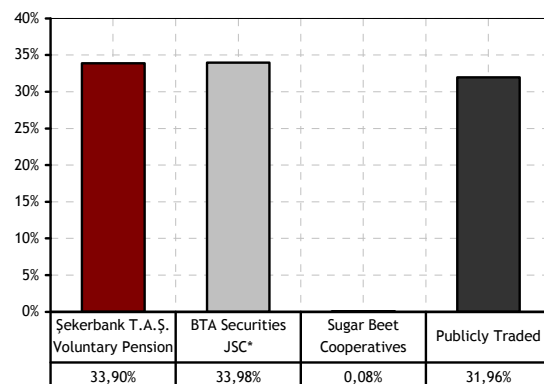
The company received a financial rating from Fitch in 2008 confirming last year’s credit rating: long-term foreign currency credit score of B and a long-term local currency credit score of B.

Table 1: Stock performance

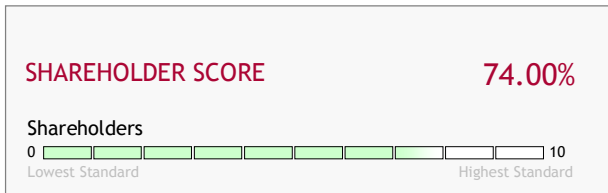
	YTL
18.02.2009	0.91
52 Week High*	4.01
52 Week Low*	0.85

*One year / (Source: Reuters 18.02.2009)

Table 2: Shareholder Structure of Sekerbank



SECTION 1 - SHAREHOLDERS



1 Summary

Sekerbank reaches a good result of 7.5 in this category, slightly behind the overall rating score. A clear dividend policy is in place and voting rights are well defined. Each share is subject to the one share - one vote - one dividend principle.

An Investor Relations and Subsidiaries Division was established in 2005 to enable shareholders to exercise their rights and obtain relevant information.

Minority rights are clearly defined. However, the right to request a special auditor is not provided by the articles of association and cumulative voting does not apply.

The Annual General Meeting (AGM) invitation and agenda including the proxy voting form were made available to shareholders 18 days prior to the meeting. The English version of the invitation, summary of the voting results and attendance rate (minutes) was uploaded on the company website for the previous four years. The information note regarding the agenda items cannot be found on the English website. The AGM is run in a fair and efficient manner and shareholders are allowed to exercise their statutory rights

1.1 Rights of Shareholders

GOVERNANCE FOCUS
+ Established dividend policy
+ Clearly defined voting rights
+ Proxy voting
+ No preferred stocks
+ Respect of one share - one vote - one dividend principle
+ Minority rights apply to shareholders owning at least 5 % of equity capital
± Information provided to shareholders
- No cumulative voting procedures
- Right to appoint a special auditor not on the AoA

1.1.1 Dividend and Voting Rights

A *dividend policy* is established and accessible through the company's public documents and through the website, in English and Turkish. A consistent distribution policy is stated in the Articles of Association (article 69 of the AoA) and in the Corporate Governance report, aiming at a balance between the interests of the shareholders and the company. As a proof of this, around 90% of the distributable net profit is subject to distribution.

None of the company's shares incorporate special rights concerning the distribution of the company's profits. Each share is entitled to an equal dividend.

In the last AGM (2008), it was decided to distribute dividends¹ to shareholders of 5% of the paid up capital over the balance, allocating 2% to board members of the amount that remained after setting aside legal reserves and dividends.

Voting rights are well defined in the company's AoA, ensuring equal and clear voting procedures. According to the AoA, voting is exercised by show of hands but a secret ballot system may also be applied, upon the

¹ The net consolidated profit for 2007 was of TRY 101.246.042,88

request of the shareholders representing one tenth of the share capital present in the General Assembly.

There are no ceilings on the number of votes a shareholder may exercise during the meeting.

As the company has not issued any preferred stock, each share is entitled to the one share - one vote - one dividend principle without any further privileges. The right to vote is automatically granted when the share is purchased, and no arrangements should be installed that would hinder this right or cause a delay in exercising voting rights, following the share acquisition. Shareholders are enabled to exercise their proxy voting rights, through either another shareholder or a non-shareholder. Postal or electronic voting procedures are not yet permitted by law in Turkey. In compliance with the CMB guidelines, Sekerbank makes the electronic proxy form available on its website.

There are no provisions installed or included in the AoA that may impede the free transfer of shares by shareholders.

According to our analysis, we identified no provisions hindering the equitable treatment of shareholders. The company discloses in its AR (CG report) a list of directors with access to insider information and has recently elaborated and published on the website a comprehensive policy document on conflicts of interest.

As it is common standard in Turkish listed companies, an official representative of the Ministry of Industry and Trade attends AGMs to oversee legal aspects. And in case of prior awareness of contentious issues an additional observer of the CMB would be present.

1.1.2 Shareholders' Right to Obtain and Evaluate Information

The level of information provided to allow shareholders exercise their voting rights could be improved. The information regarding the AGM is provided in a timely manner, but could be more complete. For instance, the informative documents regarding the agenda items are not posted on the English website.

Shareholders have the right to ask for appointment of a special auditor under the Turkish Commercial Code. Nevertheless, Sekerbank has refrained from making

explicit mention of this right in the material made publicly available to shareholders. As a result, there is no way for investors, especially foreign-based ones with relatively little knowledge of local market practices, to gain a full understanding of their rights in this area.

And the AoA does not contain provisions to disclose minimum information about board candidates to the shareholders, or about the possibility to open the AGM to media members and interested parties. Nevertheless, according to information provided by the company, employees are always welcome to the AGM and there has never been a request of participation from the press.

Sekerbank established in 2005 an Investor Relations Unit, called 'Investor Relations and Subsidiaries Division' in order to enable shareholders to exercise their rights. This unit is also responsible for the website and is established under the financial control division. Correspondence with the company revealed that the division regularly reports to the Corporate Governance Committee.

The unit's main duties cover: keeping record of shareholders, updating the corporate website, responding to shareholders' requests, monitoring the AGM and preparing and attending investor meetings.

1.1.3 Minority Rights

Minority rights, as stipulated by the AoA, are granted to shareholders owning (collectively) at least 5% of the equity capital. Those rights include raising a request to call an extraordinary meeting or requesting special agenda items. According to the Turkish Commercial Code, both aspects are up to the discretion of the board of directors, though shareholders can appeal to the court to decide on the AGM to convene. According to the CG report, minority shares are not represented in the management.

In line with minority rights, the ability to appoint a special auditor is considered crucial, though this is only a recommendation by the CMB principles. Sekerbank does not reflect this right on its AoA, and notes that in the last years no requests were received concerning the appointment of a special auditor.

Cumulative voting procedures are not permitted by the company either.

1.2 General Meeting

GOVERNANCE FOCUS
+ Timely provision of information on agenda items
+ Sound execution of the General Meeting
+ Board remuneration is determined by the General Meeting
- No information document on the agenda items is provided in English

1.2.1 Invitation

In the run-up to the AGM, shareholders are informed by Sekerbank, but there is room for improvement. The announcement of the place and date of the AGM is posted on the website at least 15 days ahead of the meeting. This deviates from the CMB suggestion of communicating this information at least 3 weeks in advance. An additional document containing supplementary information on the agenda items is not found on the English version of the website. However, the company plans to provide this document as of this year. The agenda is prepared in a fair manner, clearly indicating each agenda item.

The company provides additional information, e.g. the annual report and financial statements which are accessible two weeks prior to the meeting at the headquarters. Considering the administrative proceedings, voting procedures are set up in a clear and understandable manner and proxy forms are available in electronic form.

All shares are registered shares. There is no deadline set for registration in the shareholders register, in order to facilitate participation of the holders of registered shares to the general meeting, according to the CG report. And there is no information on the existence or need of admission cards to the AGM.

In case the quorum is not met during the first meeting, the shareholders shall be invited for a second meeting, according to the AoA. The body inviting to that second meeting is not mentioned.

The Articles of Association contain no provisions regarding the adoption by the general meeting of decisions such as the sale, acquisition or lease of a substantial amount of assets, and such decisions are subject to authorization of the General Directorate and the Board of Directors up to the applicable limits. According to the CG report, the reason for vesting such decisions in the Board of Directors is to ensure a faster adoption of decisions.

1.2.2 Functioning

Sekerbank held its AGM on the 29th of April 2008, which is more than three months following the end of its financial year. However, it is common practice in Turkey that companies have their AGM's between April and June.

The agenda, invitation and the annual report and financial statements were made available to shareholders prior to the meeting, at the headquarters and on the website. The minutes in English of the last four meetings are uploaded to the website.

Since Sekerbank is headquartered in Istanbul, this was the location of the AGM in 2008. This location can be considered as easily accessible to many shareholders.

Sekerbank's AGMs seem to be held in an appropriate way, apparently led in an unbiased manner by the chairman and overseen by an official representative of the Ministry of Industry and Trade and thereby ensuring that all shareholders are able to exercise their statutory rights. According to the CG report, shareholders are allowed to explain their views and ask questions related to agenda items, without any limitations.

The AGM functions as a forum to discuss the company's annual report and financial results. The appointed audit company is held responsible to present the latter to the auditorium.

The chairman of the meeting seems to ensure the equitable participation among shareholders and seems to lead the meeting in a fair and efficient manner, where each agenda item is voted upon separately and where there are no special privileges enjoyed by any shareholders.

There is no information on whether board members, auditors and other authorized and responsible persons were invited and attended the AGM to answer requests put forward by shareholders. However, correspondence with the bank revealed that the head of Financial Control and Accounting Division, the head of Investor Relations Division, statutory auditors, and members of the Audit Committee, amongst others, are always present to the meetings. Deviating from the CMB guidelines, there is no provision on the AoA stating that if any company officer invited to a meeting cannot attend the meeting, the reasons of non-attendance of such officer will be declared by the Chairman of the General Assembly of Shareholders. Information on suggestions or questions on agenda items raised by shareholders or their proxies during the AGM is reflected on the AGM minutes.

In 2008, no board member, executive or controlling shareholder, including those who may have access to insider information, conducted business in the company's line of business on behalf of themselves.

There is no provision on the AoA on the information that candidates to be elected to the board of directors are obliged to disclose. Following the CMB guidelines, this information should comprise for example their level of education, previous board membership and experience, their financial status as well as independence considerations. However, this information can be found on the website.

Remuneration of the board members is subject to the AGM and is determined by shareholders.

There is information on the AoA on how the votes are collected but not on how they are counted. In correspondence with the bank it was mentioned that the votes are counted after each item using a tag system and that the result of each item voted is announced by the chairman of the council. The result together with the details of the voting (number of votes for, against or the abstentions) are disclosed in the AGM minutes.

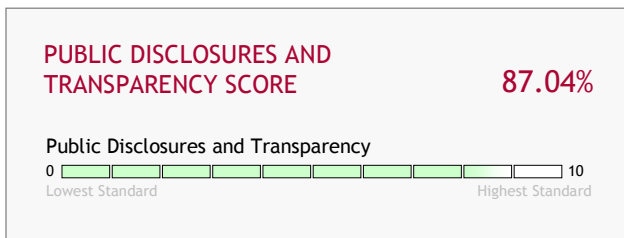
1.2.3 After the General Meeting

As a follow-up to the meeting, minutes are made available for the examination of shareholders at the company's website, in a short but clear manner.

Information of the AGM of the last 4 years is available on the company's website.

The new corporate governance policy states that in cases where questions are raised by shareholders that cannot be answered immediately, the Investor Relations and Subsidiaries Division is responsible to answer them within a reasonable period of time after the meeting. The AGM minutes provide information on the questions put forward by shareholders at the AGM and the replies they received.

SECTION 2 - PUBLIC DISCLOSURE AND TRANSPARENCY



2 Summary

Sekerbank scores 8.5 in this category, in line with the overall rating result. This reflects an adequate flow of information between the company and investors and a very good level of transparency.

A website for investors with a CG section was established. This section has been enhanced in 2008. The annual report is reasonable in terms of form and content, but could be further improved, e.g. providing more complete information on forecasts.

A public disclosure policy has recently been approved by the board and published on the website. The Investor Relations Unit is responsible for its implementation.

Sekerbank also discloses the ethical rules it applies, and the measures in place to prevent insider trading.

2.1 Disclosure Means

GOVERNANCE FOCUS
+ Website in Turkish and English version
+ Website contains and archives information disclosed to the public
+ Website provides valuable information for investors, including documents for download
+ Board members and members of the Audit committee signed the annual report
± The annual report provides fair information, though can be improved
- No information on lawsuits and fines

2.1.1 Website

During 2008 Sekerbank has significantly enhanced its website for Investor Relations. It easily allows

shareholders to access information on the company. For foreign investors an English version of the website is available. The content is structured in a sound manner, where investors find relevant documents (e.g. annual reports, audit reports, AGM documents) available for download.

Last year some important information has been added like the date and numbers of the trade register gazettes where the amendments to the AoA were published or the news related to the bank.

Examined in more depth, it contains most of the information suggested by the CMB principles, e.g. information about the shareholder structure and the management, the articles of association or annual reports and financial statements.

A section dedicated to prospectuses and circulars, as recommended by the CMB guidelines, can be found on the English website.

In reference to the AGM the website contains relevant information for shareholders. This includes the agenda, the attendants list, and the minutes.

Only two important documents are not available: the minutes of board meetings and the informative document regarding the AGM agenda items.

2.1.2 Annual Report

Overall, the annual report is prepared in a reasonable way according to the content provided and information relevant to investors.

It includes the signature of the Chairman, General Manager and CFO in order to explicitly indicate that the financial statements truly reflect the current financial status as well as that the company acts in accordance with the related legislation.

There is a risk management & internal control system in place, named Internal Systems, that was enhanced in 2006 in order to comply with the new applicable banking regulation, and a brief explanation of the

different types of risks encompassed (loan, currency, market, etc).

The information on the opinion of a rating agency, Fitch Ratings, about the company is disclosed in the annual report.

While the annual report provides most required elements, there is a little room for improvement to cover more items, as outlined by the CMB principles. Issues that could be added are: a statement referring to how the company prevents conflicts of interest between the company and related companies offering investment, consulting and auditing services, for instance.

According to the annual report, the Bank's activities cause no infringements of the environmental legislation and no lawsuits were lodged against Sekerbank in 2007. There is no information, however, on fines levied against Sekerbank as a result of legislative practices or on warnings or administrative fines from public authorities. Information provided by the company reveals, nevertheless, that no fines were levied against the bank.

2.2 Disclosure Procedures

GOVERNANCE FOCUS
+ Disclosure policy is established and covers material disclosure aspects
+ Disclosure proceedings are clearly defined and assigned to high level personnel
+ Ethical rules are disclosed
+ Audit company is subject to regular rotation and does not provide any consulting services
+ The company takes measures to prevent insider trading and discloses a list of insiders
+ Independence statements issued by independent board members
± Forward looking information can be improved
- No declaration of the entire board, stating that all disclosure principles are duly kept is provided

2.2.1 Information Policy

Sekerbank's Investor Relations and Subsidiaries Division has recently published on the corporate website a specific information policy, that has been approved by

the board. It outlines the scope, forms, frequency and methods of disclosure that this new policy will have. The methods used to disclose information to the public are: financial statements and reports, internet site, meetings and conferences, and press bulletins. The Investor Relations and Subsidiaries Division, created in 2005, amongst other tasks, is in charge of, observing and complying with all considerations related to public disclosure within the scope of applicable legislation, according to the CG report. This division is also the one responding to information requests.

Sekerbank has included a reference to the persons entitled to make public statements concerning its forward looking statements on the corporate website. The way these disclosures are to be done is also explained.

The list of the persons with access to insider information is disclosed on the annual report and on the corporate website.

2.2.2 Public Disclosure

After reviewing the public disclosure of Sekerbank no major issues could be found that would harm investors' interests. However, there is room for improvement. The executives responsible for public disclosures with the authority to sign official documents are appointed by the BoD, according to article 28 of the AoA. The persons currently appointed are not mentioned on the annual report. A publicly available declaration by the board on whether or not the principles are duly followed is missing.

An Investor Relations and Subsidiaries Division has been set up with the responsibility for publicly disclosing all information about the company. The unit, managed by Mr Cenk Eynehan, has been established under the financial control division to manage relationships between the company and its shareholders and to ensure that shareholders can fully exercise their right to information.

Within the scope of its public disclosure the company publicly announces its dividend policy. Financial statements are disclosed in line with the local and international (IFRS) financial reporting standards. As current legislation does not allow companies to grant shares to employees as a means of incentive

compensation, the company does not provide disclosure on this aspect. However, legislation is expected to change.

Sekerbank's shares are traded on the Istanbul Stock Exchange in Turkey.

Sekerbank does not explain how forward looking information is communicated to the market, but states who is entitled to disclose that information.

2.3 Transparency Issues

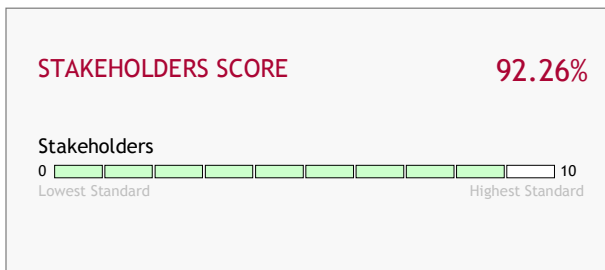
Transparency issues cover ethical behavior, insider trading rules, and the functions of the external audit.

To ensure a high degree of transparency Sekerbank discloses its ethical rules to the public. A brief code of ethics, that all employees and managers have to sign and follow, can be found on the website.

In order to prevent insider trading, a list of executives who have access to information that might affect the price of the Company's securities are publicly disclosed at the website and on the annual report. The new conflicts of interest policy contains a comprehensive explanation on the precautions that are taken to prevent insider trading.

Since the appointed audit company (currently Deloitte) does not provide any consulting services, it can be considered as independent from having other business interests that may impede the objectivity of the auditing services. As the audit company should be subject to regular rotation, the AoA states that Sekerbank may work with the same independent auditor for no more than three years.

SECTION 3 - STAKEHOLDERS



3 Summary

Sekerbank reaches an excellent result of 9.0 in this category, outperforming the overall rating result.

The bank does not have a concrete model to make stakeholders participate in the management. But some actions are in place in order to ensure their participation.

Sekerbank has a code of ethics that provides the essential framework of rules to be applied in the relationships between the company and its stakeholders. The new conflicts of interest policy contains concrete measures to avoid conflicts of interest or discrimination to employees.

A Human Resources policy is in place and a performance and productivity measurement by profit center system has been introduced. Information on the personal and professional training programs available to employees is provided on the website.

A CSR section can be found on the website. Noteworthy is the fact that employees can organize in a trade union, which is not always common in Turkish companies.

GOVERNANCE FOCUS
+ Companywide human resources policy
+ Employee rights are warranted
+ Code of Ethics governing the company-wide relationships
+ Performance based compensation model
+ Existence of union representatives and of an Employees Social Security Foundation
- No integral model to include stakeholders in the management

3.1 Participation to the Management

According to the annual report, employees are constantly encouraged to participate in management, and their proposals aimed at the improvement of business are taken into consideration, assessed duly and rewarded. To date, no comprehensive model has been set up to include stakeholders in the bank's management. Notwithstanding, in order to take into account the stakeholders' opinions in the management of the company, as recommended by the CMB principles, some actions are in place, like for instance: shareholders are continuously informed through the Investor Relations and Subsidiaries Division and the corporate website.

According to the CG report, opinions, suggestions and demands of stakeholders are conveyed to the Bank management via relevant bodies, but there is no information on the bodies or the concrete mechanisms in place. Direct representation of the employees at board level, as suggested by the CMB principles, does not exist.

3.2 Company Policy

3.2.1 Rights and Duties of Stakeholders

Sekerbank recognizes the rights of employees and customers in its Code of Ethics. There is a Corporate Social Responsibility (CSR) section on the corporate website where information on some of Sekerbank's social initiatives and information on social donations is provided.

Stakeholders are kept informed by the Bank through general meeting minutes, material event disclosures, press releases, Seker Bulletin, meetings, emails and the website. In addition to it, a corporate portal has been created in order to keep the employees informed. However, there is no specific information provided on stakeholders' rights.

Sekerbank has published a new policy that establishes concrete measures in order to prevent conflicts of interest and on how potential disputes between the company and the stakeholders are dealt with.

Relevant union representatives play an important role in the relations between employees and the bank.

Sekerbank can be considered a pioneer for having a union, which is not common practice in Turkey.

3.2.2 Relation with Customers and Suppliers

Sekerbank takes a great effort to ensure good relations with its customers and suppliers. Clients are provided with a variety of channels to get information on the bank's products and to complain if they wish to do so: the website (www.sekerbank.com.tr) and a call center (444 78 78), are hereby the main gateways. Trainings are organised to secure customer satisfaction. The code of ethics provides a detailed definition and description of relations with clients, focusing on issues such as the quality of its products, the importance of keeping customers informed, or the confidentiality of customer's information.

Compensation to customers and suppliers is not mentioned. However, according to the code of ethics, employees must ensure the correction and prevention of recurrence of the practices which lead to complaints.

3.3 Employees and Social Responsibility

Sekerbank has defined a written human resources policy that is available on the website.

The company ensures that equal opportunities are provided to all employees. While, according to the company, no cases of discrimination have been reported, the explicit mechanisms to avoid such instances remain unclear.

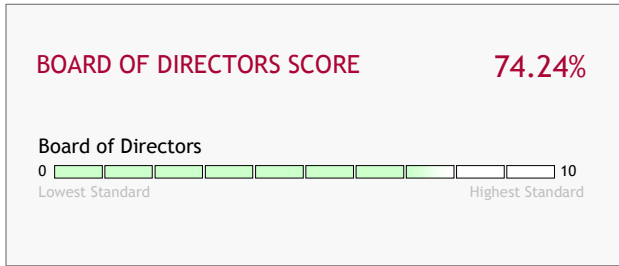
There is general information on the professional and personal training to employees in 2008, and the different training categories are outlined on the website. To date, there are no regular sessions organized to inform all employees about the company's financial capability, training, or health, amongst others. However, there are union representatives that take care of the relations between the bank and its employees and correspondence with the company revealed that regular staff meetings and information sessions for newcomers take place.

With respect to performance based compensation, the company has introduced a "productivity measurement by profit center" and "performance measurement" system.

Sekerbank's code of ethics can be found on the website. This code contains the main core values of the bank, the main responsibilities of its employees, core guidelines in respect of customer, supplier, and public authorities' relations, as well as other aspects.

The company provides information on its social responsibility activities within its annual report as well as on its website, where there is a CSR section. Some examples relate to cultural activities, education, or donations. A new section with the 'environmental and social policy' and the actions on those fields can be found on the website.

SECTION 4 - BOARD OF DIRECTORS



4 Summary

Sekerbank scores 7.5 in this category. There is opportunity for improvement.

There are eleven members on the BoD, five executives (ED) and six non-executives (NED), of whom one is independent. The board structure does not comply with the one-third proportion of independent directors recommended by the CMB principles. The AoA describes clearly the duties of the board members. However, board members do not prepare explicit declarations of compliance with internal and external regulations, as recommended by the CMB guidelines.

The suggested separation of the Chairman and GM positions is respected.

Each board member has one vote without any privileges. Attendance at board meetings is not provided.

The remuneration policy could be explained in more detail.

Three committees have been set up to support the work of the board: Audit, CG and Credit committees. Only the CG committee is headed by an independent director, but, in contrast to the AC, it does not have a majority of NEDs. The charters of the committees are available on the Turkish version of the website, though not on the English version.

There is a risk management and internal control system in place. It is explained in the CG report, and a specific section can be found on the website.

4.1 Board of Directors

GOVERNANCE FOCUS
+ The board plays an active role in the company's strategic planning
+ The independent director provides a signed statement of independence
+ Each board member is entitled to one vote
+ A secretariat has been established to support the board
+ The majority of the board is composed of NEDs
+ Company does not lend money to board members or executives
- Less than one third of board members fully meet the independence criteria
- Compensation is not explained in detail

4.1.1 Principles of Activity, Duties, and Responsibilities of the Board of Directors

According to the undertaken examination, the board of directors fulfills its duties with diligence and meets its responsibilities to a fair degree, but it has room for improvement.

The board defines the mission and vision and is thereby leading the company.

The settling of disputes between the company and the shareholders is defined as a duty of the board according to the new policy on conflicts of interest.

The concrete mechanisms used to keep the board members regularly and comprehensively informed on pertinent matters are not explained, but there is a secretariat with the aim of keeping directors informed.

The information on the attendance of board members to the meetings is not disclosed. The agenda of the meetings is prepared taking into account the memoranda received from Head Office units.

Overall, the AoA contain clear rules describing the activities and duties of board members. Board members in theory have no restrictions before accepting outside duties. The annual report states that no board member engaged in any business or competed with the company in 2007. The holding of outside positions by board members is not a serious concern in Turkey, as long as they can dedicate 10-15 days a year to the monthly board meetings.

Sekerbank does not apply a recommendation put forward by the CMB principles, envisioning that before board members start their work, they are to declare compliance with all necessary internal and external regulations. However, all board directors take an oath at the Commercial Court according to article 27th of the Turkish Banking Law before commencing their work.

An official and publicly disclosed declaration confirming the careful preparation of financial statements is not provided by the board either.

Turkish Law foresees the joint liability of the board. In accordance with this the BoD should perform and carry out its duties respecting the provisions of the Capital Markets Law, Turkish Commercial Law and the AoA.

There are no sanctions foreseen for employees that obstruct the flow of information to board members, apart from the ones foreseen in Turkish Labor Law.

4.1.2 Structure

The board of Sekerbank is composed of eleven members of whom five are executive (ED) and six are non-executive (NED) directors.

The suggested separation of the Chairman of the Board and the GM is followed.

Having one independent member on the Board, Sekerbank fails to comply with the suggested proportion of one-third. However, the new CG policy reflects the independence criteria and the CG statement refers explicitly to the criteria put forward by the CMB guidelines.

According to the Corporate Governance report, one director is independent: Khosrow Kashani Zamani.

An independence statement presented to the Chairman of the Board of Directors of the bank by the independent director is available on the website.

Table 3: Board Structure

NAME	ED / NED	INDEPENDENCE
Dr. Hasan Basri GÖKTAN	ED	No
Mr. Yerkın TATISHEV	NED	No
Mr. Meriç ULUŞAHİN	ED	No
Mr. Erdal BATMAZ	ED	No
Ms. Tatiana Alekseevna FILIPPOVA	ED	No
Mr. Emin ERDEM	ED	No
Mr. Halil Can YEŞİLADA	NED	No
Mr. Murat YULDASHEV	NED	No
Mr. Erdal ARSLAN	NED	No
Mr. Khalil KAMALOV	ED	No
Mr. Khosrow Kashani ZAMANI	NED	Yes

Appointed board members at Sekerbank seem to be highly qualified and show a high level of knowledge and experience, reflected in long-lasting career backgrounds. Sekerbank’s board can draw on a wealth of expertise in the industry sector but also other areas as engineering, public sector, statistics and business. Gender diversity is limited with two women and ten men. All have university studies. Information concerning the age of directors is missing. Sekerbank also deviates from the CMB recommendation to include a statement with the information that must be submitted to the AGM when candidates are nominated to the board for the first time.

The bank takes into consideration the qualifications of its board members. However, the annual report does not explain if there is an adaptation or training program for directors.

In reference to the election of the board members, Sekerbank does not permit cumulative voting.

4.1.3 Functioning

It is not stated in the AoA if executives have to attend the meetings whenever necessary and requested. According to the CG report, during the reporting period, decisions were adopted unanimously and no dissenting opinions were voiced against any decision. Each board member is entitled to one vote without any preferential voting or veto rights. There is no mention of the chairman having a casting vote.

All board members must be present at board meetings that will vote on the issues stipulated in article 2.17.4 of section IV of CMB principles, related to important company’s operations such as the establishment of committees, the dividend policy or the decrease or increase of capital.

In order to ensure adequate preparation, the CMB recommends that the agenda and relevant documentation are provided to board members at least seven days in advance. The method and timing of delivery of documents to board members are not disclosed by Sekerbank. A board secretariat has been established in order to ensure convenient access to information for board members. Its functions are not disclosed. According to the CG report, the agenda is prepared taking into account the memoranda prepared by the head office units.

There is no information on the attendance rates at board meetings.

The BoD must meet at least four times a year; it met 56 times during 2008. Decisions can be adopted without board members being physically present, as the AoA allow for remote access to those meetings.

The board and majority decision quorum are both stated in the AoA: the board shall convene in the presence of at least seven directors and decisions shall be taken also by seven participants.

Board meetings appear to be conducted in an open manner. There is a clear definition of the duties of the board but there is hardly any information on the secretariat.

Meeting and travel expenses are reimbursed to board members according to an internal operational department regulation.

4.1.4 Remuneration

Currently Sekerbank’s board compensation is composed of a monthly fee of 4.500 TRY (2.110 € approx.) for directors, 13.500 TRY for executive directors and members of the audit committee (6.335 € approx.) and 27,000 TRY (12.670 € approx.) for the GM. No additional attendance or committee fees, as suggested by the CMB principles, are paid. The compensation is discussed and determined by the AGM, in theory providing material power to the shareholders. The CG statement or the AoA do not contain information on how the remuneration is calculated (taking into account the salary of the GM, the time board members will spend for the meetings, its preparation and the duties assumed).

Table 4: Board Compensation

POSITION	COMPENSATION (PER MONTH, IN YTL)
Chairman	4500
Vice-Chairman	4500
Member	4500
*according to a decision by the General Meeting 2008	

Sekerbank offers performance based incentive schemes to ED, as proposed by the CMB principles and following

international best practice that suggests that performance-based incentive schemes should be granted to ED only. An internal bonus regulation specifies the performance criteria and the methods of calculation for the bonus.

In line with performance-based incentives the CMB principles recommend accountability of the board members according to the company's level of success. Within this scope the board declares possible deviations in the results within the annual report, and conducts a self-assessment and a performance evaluation.

To avoid conflicts of interest Sekerbank strictly adheres to the principle not to grant loans to board members or executives.

4.2 Board Committees

GOVERNANCE FOCUS
+ Two committees have been established
+ Audit Committee oversees external audit appointment and audit execution
+ Corporate Governance Committee deals with Corporate Governance issues proactively
- Majority of members are not independent and/or NED
- Committees are not exclusively headed by independent board members

4.2.1 In General

The board of Sekerbank has established three board committees to support its work and ensure an effective and efficient work flow.

There is an Audit Committee (AC) and a Corporate Governance Committee (CGC). In addition, there is a Credit Committee.

According to the CMB Law, each committee should be composed of at least two members. The AC has two members and the CGC four.

The CGC does not fulfill the CMB suggestion to be composed of a majority of NEDs.

Table 5: Committee Overview

COMMITTEE	NO. OF MEMBERS	INDEPENDENT CHAIRMAN*	NO. OF NED
Audit	2	No	2
Corporate Governance	4	Yes	2

*according to the status "Independent Board Member"

Deviating from the CMB guidelines, experts in specific areas are not eligible to be members of the committees. The results of the committee meetings are summarised in minutes and made available to the board afterwards. In addition, biannual reports are presented to the board on the committees' activities, including their opinions on the measures that need to be adopted across the bank.

4.2.2 Audit Committee

The Audit Committee oversees the financial and operational activities of the company. In doing so the committee should be supported by the board and be enabled to access all necessary information. A committee charter is available but not posted on the English website. This is not required by the CMB CG principles, but it would help outlining the details of the work of the AC.

It is the task of the AC to ensure that all internal and external audit activities are carried out adequately and transparently. It advises the board in appointing the external audit company and attends the appointing process. This includes, amongst others, a statement on the independence of the audit company. According to Sekerbank's CG statement, the AC scrutinizes the effectiveness and adequacy of the internal control system and the risk management system. It is also responsible for ensuring that measures are taken such that internal controls are transparent. Furthermore, the AC is responsible for the company's financial disclosure. Internally, the AC is also responsible for evaluating the audit system. Deviating from the CMB guidelines, responding to complaints and suggestions put forward by any member of the company is not one of its duties.

The external audit firm is invited to the meetings of evaluation of the financial statements if the committee members consider that its presence could help clarify issues. It shall meet at least four times a year

according to the committee charter. It met 7 times in 2008.

Table 6: Audit Committee Composition

NAME	BOARD		
	MEMBER	NED	INDEPENDENCE
Mr. Halil Can YEŞİLADA	Yes	Yes	No
Mr. Erdal ASLAN	Yes	Yes	No

4.2.3 Corporate Governance Committee

A CG committee was created in 2007, with the aim of monitoring the company's compliance with CG principles and of regulating the motivation and remuneration of the bank's employees. It met 8 times in 2008.

Following the CMB guidelines, Sekerbank's GM is not a member of this committee but half of its members are executives.

Table 7: Corporate Governance Committee Composition

NAME	BOARD		
	MEMBER	NED	INDEPENDENCE
Mr. Khosrow Kashani ZAMANI	Yes	Yes	Yes
Dr. Hasan Basri GÖKTAN,	Yes	No	No
Mr. H. Can YEŞİLADA	Yes	Yes	No
Ms. Tatiana Alekseevna FILIPPOVA	Yes	No	No

Core responsibilities of the committee during are: to determine the compliance with CG principles, to develop recommendations on the appointments, structure and effectiveness of the BoD, and to work towards the adoption of a regulation on conflicts of interest. The relationship between this committee and the unit is explained on the IR internal regulation. And in addition, correspondence with the company revealed that the division reports regularly to the committee.

The charter of the CGC is available in Turkish and English, but it cannot be found on the website.

4.3 Internal Control and Risk Management

Sekerbank's BoD has defined and implemented a risk management mechanism and an internal control system.

This system consists of three units (internal audit unit, compliance unit, internal control unit and risk management unit) that report to the board and operate under the audit committee. A manager responsible for internal systems ensures the coordination of the units, reporting to the AC.

For instance a brief examination of Sekerbank's main risks coming from financial instruments is provided in the annual report (liquidity, foreign, credit, currency risks). In 2007 Sekerbank introduced some improvements, reviewing its practices in accordance with the 'regulation on banks' internal systems' of 1st of November 2006. The CG report examines the risk management and internal control system.

Further, it is a duty of the board to oversee whether or not the company complies with the relevant legislation, AoA, in-house regulations and policies. Our analysis did not reveal any instance that the board would fail to fulfill this duty in an adequate manner.

4.4 Executives

GOVERNANCE FOCUS
+ Distinction between ED and NED in the definition of responsibilities
+ Operational performance monthly report provided
- Not liable for company's losses caused by a violation of their duties

The AoA dedicates several articles to the executive committee, now named credit committee. It is composed of three members appointed by the board from amongst its members, one of which is the General Manager. Two substitute members from the Board of Directors are appointed by the Board of Directors to replace Credit Committee members in case they are unable to attend a Credit Committee Meeting. The composition of the committee is only found on the website in the CG report. Its duties are not stated in Sekerbank's public documents that refer to the duties specified in the Banking Law. It is stated on the AoA that the resolutions of the committee are registered in the book of resolutions, in compliance with the Banking Law. The distinctions between ED and NED in terms of

responsibilities or compensation are outlined on the AoA. The former receive a higher compensation, and a bonus linked to performance following international best practice standards. Correspondence with the company revealed that monthly reports of the performed works by the executives are prepared, as recommended by the CMB.

Table 8: Composition of the Credit Committee

NAME	POSITION / FUNCTION	BOARD MEMBER
Mr. Meriç ULUŞAHİN	CEO	Yes
Ms. Tatiana Alekseevna FILIPPOVA	ED	Yes
Mr. Emin ERDEM	ED	Yes
Mr. Erdal BATMAZ (Substitute member)	ED	Yes
Mr. Murat Yuldashev (Substitute member)	NED	Yes

According to the internal bonus regulation, executives are to compensate losses that occur as a result of not performing their duties properly.

The GM of Sekerbank is Meriç ULUŞAHİN.

Up to now non-competition clauses have not been allowed under Turkish Law. So, Sekerbank cannot fulfill the recommendation of the CMB Principles that suggest including such provisions into the employment contract.

5 Appendix

SHAREHOLDER STRUCTURE

Table 9: Biggest shareholders of Sekerbank

Shareholder	Nominal value (try)	% shareholding interest
Sekerbank Pension Fund	135.914.832,00	33.98
TuranAlem Securities JSC	135.914.832,00	33.98
Sugar Beet Cooperatives	334.412,19	0.08
Free float	127.835.923,81	31.96
SOURCE: WEBSITE		

BOARD OVERVIEW

Table 10: Board of Directors

Name	Age	First Appointment	Position	Executive / Non-Executive Director	Independence	Member of Credit Committee	CGC	AC
Dr. Hasan Basri GÖKTAN (Chairman)	n/i	1993	Chairman	ED	No		X	
Mr. Yerkin TATISHEV	n/i	2007	Deputy Chairman	NED	No			
Mr. Meriç ULUŞAHİN	n/i	2008	GM/Member	ED	No	X		
Mr. Erdal BATMAZ	n/i	2003	Member	ED	No	X		
Mr. Halil Can YEŞİLADA	n/i	2006	Member	NED	No		X	X
Mr. Emin ERDEM	n/i	2002	Member	ED	No	X		
Mr. Khalil KAMALOV	n/i	2008	Member	NED	No			
Mr. Murat YULDASHEV	n/i	2007	Member	NED	No	x		
Mr. Erdal ARSLAN	n/i	2006	Member	NED	No			X
Ms. Tatiana Alekseevna FILIPPOVA	n/i	2007	Member	ED	No	X	X	
Mr. Khosrow Kashani ZAMANI	n/i	2007	Member	NED	Yes		X	