



BASED UPON
"The Corporate Governance Principles of Turkey" issued by
the Capital Markets Board of Turkey



RATING RELEASE DATE

7.02.2012

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RATING SUMMARY

COMPANY INFORMATION

Şekerbank

Buyukdere Caddesi No:
171 Metrocity A-Blok
34330, 1.Levent / İstanbul
TURKEY
www.Şekerbank.com.tr

CHAIRMAN
Mr. Dr. Hasan Basri
GÖKTAN
GENERAL MANAGER
Ms. Meriç ULUŞAHİN

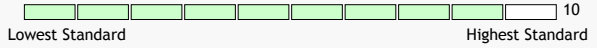
INVESTOR RELATIONS

Mrs. Irem Soydan
Phone: +90 212 319 7363
E-Mail:
Irem.SoydanGuler@Şekerbank.com.tr

ICS RATING RESULTS

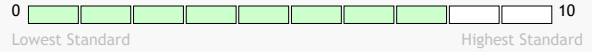
OVERALL SCORE

88.21%

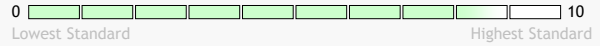


RESULTS BY CATEGORY

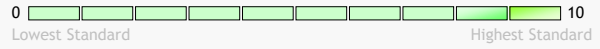
Shareholders



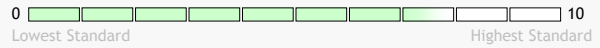
Public Disclosures and Transparency



Stakeholders



Board of Directors



SUMMARY

ISS Corporate Services (hereafter ICS,) assigns a rating of 8,82 to Şekerbank. This rating reflects a strong overall performance of the company regarding its current corporate governance structures as measured against the Principles of the Turkish Capital Markets Board (CMB). Şekerbank has made a continuous effort to adopt progressive corporate governance practices in its corporate management structure and this is reflected in its improved score. Şekerbank continues to build upon its solid corporate governance. In recent years these changes include, but are not limited to; an enhanced information document, updated articles of association, a smaller board, an updated disclosure policy, an enhanced IR web site, and an extended FAQ section on the website. The degree of compliance with the underlying CMB principles of 8,82 indicates that the company has made a strong effort to comply with the CMB principles.

Şekerbank has implemented a range of corporate governance enhancements in the past several years in numerous areas such as an internal control and reporting mechanism, the reconstitution of the audit committee, an information document pertaining to the AGM, a more direct reporting system and a comprehensive disclosure policy. The company has also re-vamped its website on a continuous basis to accommodate these changes. Şekerbank continues to score particularly well in the area of Public Disclosure and Transparency and with regard to Interactions with Stakeholders. It has also improved in matters reporting and functioning of the board.

METHODOLOGY AT A GLANCE

ICS was first appointed by Şekerbank in July 2008 to review its current corporate governance structures and workings in line with Corporate Governance Principles developed by the Turkish Capital Markets Board. Subsequent ratings were performed during 2009, 2010, and 2011. This is the fifth rating conducted for Şekerbank. 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 in December 2011 and January 2012. The rating may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

Analyst Contact

Stephan Costa
Ninth Floor
Ten Bishops Square
London E1 GEG
Email stephan.costa@isscorporateservices.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 harmonize 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

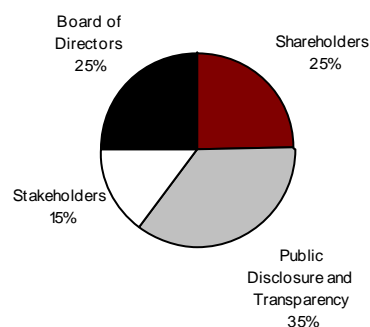
Based upon the CMB Principles, we identified more than 350 criteria to be included into the rating. Each single criterion has been examined thoroughly upon compliance by the company, on the basis of publicly available information. Additional information was provided by the company upon request.

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 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 harmonization 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 50 %)
- 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.

ŞEKERBANK'S PERFORMANCE OVERVIEW

Şekerbank's overall rating result of 8,82 indicates a high compliance level with the established rating criteria with respect to the CMB Principles. The company's effort to continuously improve its corporate governance is reflected in the score once again this year.

Şekerbank is committed to the CMB guidelines and in the last years has reviewed its practices and implemented pertinent CG mechanisms to comply with these principles on an uninterrupted basis. This can be seen in the company initiatives in recent years that include, but are not limited to; (1) an enhanced company website that is continuously updated, (2) revised articles of association; (3) updated disclosure policy; (4) an extended FAQ section on the website (5) the creation of an Investor Relations and Subsidiaries Division in 2005.

Şekerbank's Articles of Association (AoA) has been amended a number of times over the recent years to bring the provisions contained within to meet corporate governance best practice. The major matters concerned by the amendment were, among others, the meetings of the board, the remuneration of board members, rules governing the AGM, and the formation of the credit committee.

Şekerbank 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, Şekerbank also reconstituted its Audit and Corporate Governance Committees to comply with its Corporate Governance Principles and established its Risk and Internal Control Systems.

After establishing the aforementioned committees in 2008, the Bank implemented a comprehensive

Corporate Governance Policy. In 2009, the Bank approved an Information and Conflict of Interest Policies and implemented a comprehensive model to consider stakeholders in management and new regulations governing the board of directors. In 2010, Şekerbank added two independent directors to its board, thereby reaching compliance with the recommended one-third proportion of independent directors. This should serve the company well and provides a clear example as to how the bank is actively pursuing good corporate governance practices.

Şekerbank continues to build upon its sound corporate governance structures. It continues to show particular strength in the Stakeholder section where it outperforms the majority of its Turkish peers.

SHAREHOLDERS

With respect to shareholder issues, Şekerbank adheres to good practices as outlined by the CMB principles. A dividend policy is in place and voting rights are sufficiently defined. The Bank only has registered shares. An Investor Relations and Subsidiaries Unit are well established in order to maintain continuous communication between the Company and its stakeholders. The IR website contains a good level of information that is organized in a clear and easy-to-follow format.

Şekerbank is controlled by two reference shareholders with a free float of only a third of its capital. While this shareholder structure may have the potential to infringe upon minority rights, the company has created a comprehensive model to include stakeholders in the decision-making process of management. It also follows the Turkish Commercial Code's decree that shareholders have the right to appoint a special auditor. Cumulative voting rights, however, is not in place.

The AGM follows principles ensuring fair and equitable treatment of shareholders. The invitation was sent out three weeks prior to the meeting again in 2011, thereby adhering to the recommendations in the CMB guidelines. The minutes are available both in English and Turkish and can be found on the company's website.

PUBLIC DISCLOSURE AND TRANSPARENCY

An Information policy has been approved by the Board and published on the corporate website. The Company also has a corporate website for investors with a Corporate Governance section.

The English site has been enhanced once again in this year. Relevant information related to past AGM's and agenda items is provided.

The company has also 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 are publicly disclosed. 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 Şekerbank. The company takes actions to address stakeholders' issues through the Investor Relation Unit, Corporate Communications Department, and the corporate website. The company is very active and responsive on all of these fronts. The first model to ensure this interaction was introduced in 2009.

Stakeholders' opinions are taken into account in the management of Şekerbank. A comprehensive formal model to ensure this interaction is in place. Comprehensive training programs are also in place for both new and existing employees.

The ethical rules applicable provide the essential rules that govern the relationships between the company and its different stakeholders. Şekerbank has a Human Resources Policy and a performance-based compensation model. It should also be noted that Şekerbank has a union, which is quite rare in Turkey.

BOARD OF DIRECTORS

The board of Şekerbank consists of eleven members, comprising the General Manager of the Bank, which is in-line with the country's Banking Law, five executive and six non-executive directors of which three are

independent. This is 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 (CG) the Audit Committee (AC) and the Credit Committee (CC). The CG Committee is headed by an independent director, and the Audit Committee is composed 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 statements of the company. The executive team ensures this is carried out throughout the organization.

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.

A secretariat has been established to support the work of board members and ensure proper communication and supporting documentation concerning the responsibilities has been provided. A monthly report of the work performed by the executives as recommended by the CMB is prepared. Compensation still is not sufficiently explained in the company's public documents, but according to the Company, there is a performance based bonus program for executives that is regulated by the company's internal regulations.

FINAL REMARKS

With the rating at hand, investors are able to evaluate the corporate governance practices of Şekerbank according to their individual preferences. On the whole, the established structures and mechanisms closely follow the CMB principles. Continuing the implementation of these principles at country level and considering international best practice will further enhance CG practice at Şekerbank 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

remain to be 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 coupled with an amplified engagement by domestic and international shareholders, can be considered favorable, especially by foreign investors.

COMPANY OVERVIEW

ŞEKERBANK was founded in 1953 as the “Sugar Beet Cooperative Bank” in Eskisehir, Turkey. In 1956 it relocated its headquarters to Ankara and changed its name to Şekerbank. During the 1970’s it completed its transition from a cooperative to a full service commercial bank. The company went public in 1997.

In 2002, Şekerbank initiated a major internal restructuring and successfully transformed itself from a traditional commercial bank into a multi-channel, diversified financial institution based on customer and segment focused applications. This was subsequently followed by the relocation of its headquarters to Istanbul in 2004.

In June, 2006 Şekerbank’s two pension funds signed an agreement with BTA Securities JSC (“TAS”) JSC, for the sale of 33,98% of the Bank’s shares. This partnership was successfully concluded in March 2007.

Today, Şekerbank is represented by a well distributed branch network with 272 branch offices with broad geographical coverage with its more than 50 years of experience. This has enabled the company to become both a major commercial and a retail bank in Turkey.

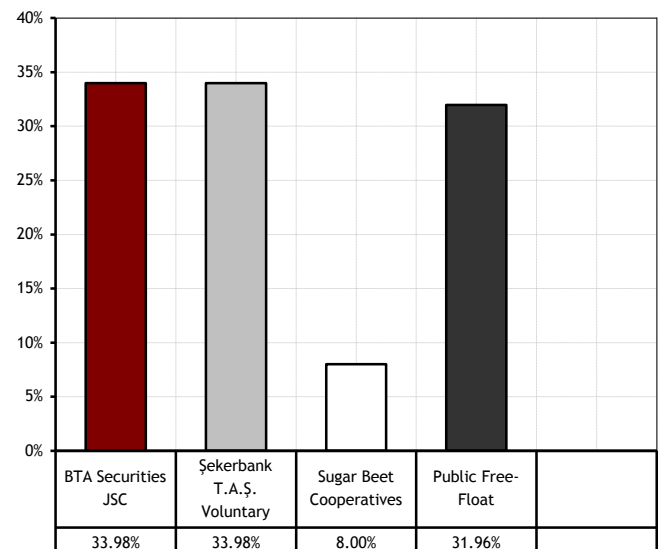
International Credit Rating Organization Fitch Ratings, upgraded Şekerbank’s long term issuer default ratings one level from “B+” to “BB-“. The national rating of the bank upgraded by Fitch by two levels last year was also affirmed as “A”.

In its report evaluating the middle size banks in Turkey, Fitch Rating affirmed the financial strength of Şekerbank as “D”; short term issuer default rating as “B”; and it’s Outlook as “stable”. In terms of the financial capacity rating initiated to be applied by the organization for the first time this year, while Şekerbank was rated as "B+" at the beginning, it is upgraded to "BB-" as a result of the last assessments.

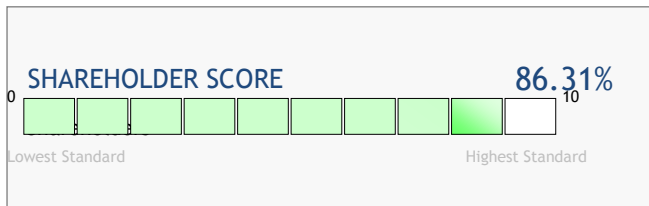
Table 1: Stock performance

| | YTL |
|--|------|
| 09.01.2012 | .88 |
| 52 Week High* | 1.40 |
| 52 Week Low* | .77 |
| *One year / (Source: Bloomberg 09.01.2012) | |

Table 2: Shareholder Structure of ŞEKERBANK



SECTION 1 - SHAREHOLDERS



1 Summary

ŞEKERBANK maintains a strong result of 8,63 in this category which is also in-line with 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 Unit was established in 2005 to enable shareholders to exercise their rights and obtain relevant information. This unit is actively engaged in responding to shareholder requests in a timely fashion. A flow chart on the company's website clearly exhibits how stakeholder questions are addressed and the responsible parties involved in the process.

With a free-float above the Turkish norm, Şekerbank pays close attention to minority rights and these rights are clearly defined. The right to request a special auditor, for example, is guaranteed. It should also be noted that Şekerbank did not receive any requests for the appointment of a special auditor since the last report. Cumulative voting rights, however, still do not exist.

The Annual General Meeting (AGM) invitation and agenda including the proxy voting form were made available to shareholders 30 days prior to the meeting on the company website and 27 days through the publication in two major newspapers. The English version of the invitation, summary of the voting results and attendance rate (minutes) was uploaded on the company website for the previous five years (AGMs held in 2006, 2007, 2008, 2009 and 2010). 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 class of preferred stock |
| + Respect of one share - one vote - one dividend principle |
| + Minority rights apply to shareholders owning at least 5 % of share capital |
| + Information provided to shareholders |
| + Right to appoint a special auditor |
| - No cumulative voting |

1.1.1 Dividend and Voting Rights

A dividend policy is established and accessible through the company's public documents and through the web site, in both English and Turkish. The company has a consistent distribution policy that is clearly stated in its articles of association (Article 69) and also in the Corporate Governance Report. This year TL 37.500.000, 00 of which TL 12.500.000, 00 in cash and 25.000.000, 00 share certificates which corresponds to 5% of the paid-in-capital were distributed to shareholders.

Voting rights are well defined in the company's AoA, thereby ensuring equal and clear voting procedures. Voting is exercised by show of hands, but a secret ballot system may also be applied by the request of shareholders representing one tenth of the share capital present in the General Assembly. There is also no ceiling with respect to 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. 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 once again identified no provisions hindering the equitable treatment of shareholders. The company discloses in its Corporate Governance Compliance (CG report), and a list of directors and management with access to insider information and a comprehensive policy document that addresses conflicts of interest. Overall, the CG Report is a robust document that houses all of the pertinent information and is well presented for stakeholders.

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 continues to be improved. The information regarding the AGM is provided in a timely manner and is complete. An informative document regarding the agenda items is also made available on the company's English website. The notice of the AGM was put on the company's website 30 days in advance of the meeting.

Shareholders have the right to ask for the appointment of a special auditor under the Turkish Commercial Code and this was duly reflected in the company's revised corporate governance policy in 2009. Specifically, shareholders comprising 1/20 of the Bank's share capital have the right to request the appointment of a special auditor to obtain and evaluate the information. In the absence of the approval and rejection by the General Assembly, minority shareholders have the right to request the appointment of a special auditor from a national court.

Although the AoA still does not contain provisions to disclose minimum information about board candidates to shareholders, or about the possibility to open the AGM to members of the media members, the company

addressed this issue in 2009. Amendments to the Corporate Governance Policy at this time listed minimum information about board candidates.

In 2005 Şekerbank established an Investor Relations and Subsidiaries Unit in order to enable the shareholders to exercise their rights. This unit has been tasked to actively maintain the website and is placed under the supervision of the Financial Control and Accounting Division. In addition, correspondence with the company revealed that this unit also regularly reports to the Corporate Governance Committee. The duties of this unit include, but are not limited to updating the IR website, keeping records of shareholders, responding to shareholder requests, monitoring the AGM and preparing and attending investor meetings. The Investor Relations and Subsidiaries Unit was very active disseminating information once again this past year. According to the company, in 2011 the company held 20 meetings with corporate investors. Also, all queries received via e-mail and/or phone was responded to in a timely manner.

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 and this is a recommended practice by the CMB principles. This principle has been further guaranteed by the Turkish Commercial Code. According to the changes in the Code, any shareholder can apply to the court request appointment of a special auditor. In line with best practice, the company provides this right in its revised Corporate Governance Policy. It should also be noted that once again that 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 |
| + An information document on the agenda items is provided in English |

1.2.1 Invitation

In the run-up to the AGM, shareholders are kept informed by Şekerbank regarding the annual meeting. According to the Company, the announcement and date of the AGM was posted on both the Turkish and English website at 21 days ahead of the last AGM. This conforms to the CMB suggestion of communicating this information at least 3 weeks in advance. The agenda remains to be 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 shareholder register, in order to facilitate participation of the holders of registered shares to the general meeting. Also, there is no information on the existence or need of admission cards to attend the AGM.

The Articles of Association does contain 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 Head Office and the Board of Directors.

1.2.2 Functioning

Şekerbank held its AGM on the 15th of March 2011, which is within three months following the end of its financial year. 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 company discloses all the information pertaining to its current and past AGM's in

English of the last seven annual meetings on its website. Additional AGM information is also available on the website and includes the invitation, agenda, meeting minutes, and list of attendees. There was also an Extraordinary General Meeting (EGM) on June 7th 2011.

The location of the AGM is in Istanbul at the company's headquarters located at Büyükdere Caddesi No: 171 Metrocity A Blok Esentepe-Mecidiyeköy. This location can be considered as easily accessible to shareholders. There was also an Extraordinary General Meeting (EGM) on 7th of June 2011.

Once again in 2011, Şekerbank's AGM occurred in an appropriate manner, led in an unbiased way 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 and through interviews with a company representative, 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 chairman of the meeting appears 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.

Auditors continue to be invited to the AGM to answer pertinent questions by shareholders. In addition, the Head of Financial Control & Accounting, Investor Relations, statutory auditors, and members of the Audit Committee, amongst others are always present at the meeting. In accordance with CMB principles, the revised Corporate Governance Policy includes a provision stating that in the event any company officer invited cannot attend the meeting than 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 in the AGM minutes.

In 2011, 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.

There is a provision in the revised corporate governance policy regarding the information that candidates of the board are obliged to disclose. Following CMB guidelines, this information includes, but is not limited to their level of education, previous board membership, relevant experience, and financial status and independence considerations. This can be found on the company's website.

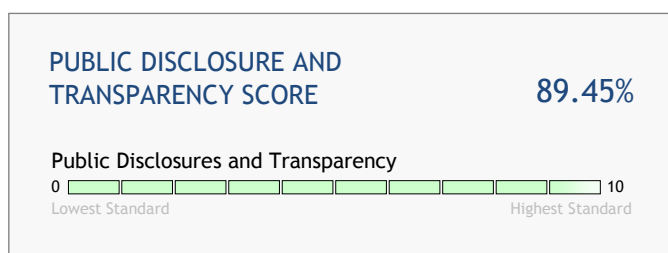
1.2.3 After the General Meeting

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

As previously stated, information on the AGM of the last 7 years (since the IPO) is available on the company's website. This information is easily accessible and complete.

The revised corporate governance policy states that in cases where questions are raised by shareholders that cannot be answered immediately, the Investor Relations Unit is responsible to answer them within a reasonable period of time after the meeting.

SECTION 2 - PUBLIC DISCLOSURE AND TRANSPARENCY



2 Summary

Şekerbank sustains a high score of 8,94 in this category, in line than the overall rating result. This reflects the continual flow of information between the company and investors and a high level of transparency.

A website for investors with a Corporate Governance section continues to be improved and updated on a regular basis. Overall, this section is intuitive for the user through easily understandable drop-down menus and a comprehensive corporate governance section. The section is also enhanced by an Environmental and Social Responsibility section.

A public disclosure policy has been in place and is published on the website. The IR Unit continues to assume the responsibilities of public disclosure.

Şekerbank also discloses the ethical rules it applies, a rule that stipulates that employees are to abstain from all attempts of pursuing the interests of their own or those of acquaintances. The code of ethics is in place to safeguard stakeholder interests.

2.1 Disclosure Means

| GOVERNANCE FOCUS |
|---|
| + Website in both Turkish and English |
| + 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 and clear information and has been improved |

2.1.1 Website

In recent years, Şekerbank significantly enhanced its website for Investor Relations and 2011 was no exception. The website is user-friendly and allows shareholders to access information on various subject areas of the company. Foreign investors are able to access an English version of the website as well. The content is structured in a sound manner, where investors find relevant documents (e.g. annual reports, audit reports, AGM documents) available for download. A well-designed flowchart enables stakeholders to track queries and lines of duties and responsibilities. Overall, the website is updated frequently and in a timely manner.

Examined in more depth, it contains the statutory 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. The company has continued to release prospectuses in conjunction with its rights issue in 2010 and increase in capital from internal resources in 2011. It also continues to provide information through the web site, annual report, presentations and all other sources of communication are contained therein.

In reference to the AGM, the website contains relevant information for shareholders. This includes the announcement, agenda, the attendee list, and the minutes. The company's board minutes, however, are still absent from the site.

2.1.2 Annual Report

The annual report is once again well prepared and houses all of the pertinent content and information relevant to investors. For example, Şekerbank's Corporate Governance Compliance Report, an overview of the bank's risk management function, and general investor information can all be found in both table and graph form. Financial information is presented in a manner that is easy to follow and the notes to the financial statements clarify the content. The growth strategy of the bank is also clear for shareholders to follow.

The Annual Report also includes the signatures of the Chairman of the Corporate Governance Committee, the General Manager of the Bank, the Vice-President of Financial Control & Accounting and the Vice-President of Investor Relations, and the Chairman of the Audit Committee. These signatures serve to reflect the opinion of the Board and testament to the accuracy of the financial statements. According to the auditor KPMG, the financial statements truly reflect the current financial status of the company. The company also acts in accordance with the related legislation.

Şekerbank's risk management & internal control system (Internal Systems) complies with the applicable banking regulation, and includes a brief explanation of the different types of risk the bank must manage (loan, currency, credit, market, interest rate, liquidity etc). The financial footnote section provides greater detail regarding each type of risk. It also includes a table that provides information concerning the bank's rating from Fitch.

According to the annual report, the Company's activities have caused no infringements of the environmental legislation, and there has not been any lawsuits lodged against Şekerbank in 2011. In addition, the total number of potential legal liabilities is disclosed along with the settlement amounts.

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 has procedures in place to prevent insider trading and discloses a list of insiders
- + Periodical financial statements and footnotes are prepared in accordance with the current legislation and international accounting standards and applied accounting policies are included in the footnotes of the financial statements.
- + Forward looking information have be improved

2.1.3 Information Policy

Şekerbank's Information Policy is available on the corporate website. It outlines the scope, forms, frequency and methods of disclosure that this policy covers. The methods used to disclose information to the public are: financial statements and footnotes, internet site, analyst meetings and conferences, declarations and announcements in newspapers and to press releases. Company press releases can also be found on the website in the "News" section. The Investor Relations and Subsidiaries Unit amongst other responsibilities is in charge of observing and complying with all considerations related to public disclosure within the scope of applicable legislation. It also responds to information requests.

Şekerbank's Investor Relations and Subsidiaries Unit is also tasked with the responsibility for publicly disclosing all information regarding the company. This unit is led by Mrs. Irem Soydan was initially established under the Financial Control Division to manage relationships between the company and its shareholders. It is tasked to ensure that shareholders can fully exercise their rights.

The Company discloses its dividend policy within the Public Disclosure document. Financial statements continue to be disclosed in line with 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.

The list of the persons with access to insider information is disclosed in the annual report and on the corporate website in the Corporate Governance Compliance Report.

2.2.2 Public Disclosure

After reviewing the public disclosure of Şekerbank again this year in 2011, no major issues could be found that would harm investors' interests. The executives responsible for public disclosures and authority to sign official documents are disclosed and comprehensive principles applicable to disclose forward looking information are included in the expanded in 2010 disclosure policy of the company.

A publicly available declaration by the board on whether or not the principles are properly followed is listed in the Corporate Governance Compliance Report and is also made available on the Company's website. A declaration is made about the application of the principles and the reasons are discussed for non-application.

The Investor Relations and Subsidiaries Unit is active in publicly disclosing all information about the company. This unit continues to manage relationships between the company and its shareholders and to ensure that all 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 public disclosure on this aspect. However, legislation is expected to change.

Şekerbank's shares are traded on the Istanbul Stock Exchange in Turkey. Şekerbank does clearly explain

how forward looking information is communicated to the market and also states who is entitled to disclose that information.

Şekerbank has an email distribution list, to which it sends the public disclosures in Turkish and in English after the disclosure is made to Public Disclosure Platform.

2.3 Transparency Issues

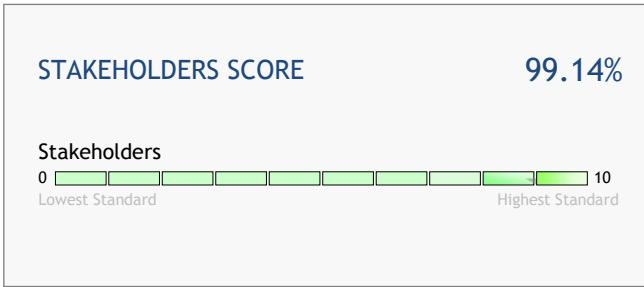
Transparency issues cover ethical behavior, insider trading rules, and the functions of the external audit.

To ensure a high degree of transparency Şekerbank discloses its ethical rules to the public. A code of ethics, which all employees and managers have to sign and adhere to; can be found on the website. It is prominently displayed in the Şekerbank Corporate Internet-site in the Human Resources Section.

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 is publicly disclosed on the website and in the annual report. It also contains a comprehensive explanation regarding the measures and precautions undertaken.

Since the appointed audit company (currently KPMG) 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 Şekerbank may work with the same independent auditor for no more than three years.

SECTION 3 - STAKEHOLDERS



3 Summary

Şekerbank maintains a result of 9,91 in this category, above the overall rating result. It continues to build upon a concrete model to have stakeholders participate in the management of the company and ensures their participation on a continual basis.

Şekerbank has a Human Resources (HR) policy that grants the essential framework of rules to be applied in the relationships between the company and its employees. The basic tenants of the HR Policy are readily accessible for all stakeholders to remain informed and this document is prominently displayed on the company website in the Corporate Governance Report.

In addition to these policies, an overview of a robust training policy for employees is on the website. Information regarding the personal and professional training programs available to employees is provided in the annual report in greater detail. Şekerbank makes use of Career Schools, as well as structured training systems that include selective training, e-education and on the job training programs.

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

| GOVERNANCE FOCUS |
|--|
| + Comprehensive company-wide human resources policy |
| + Employee rights are warranted |
| + Code of Ethics govern the company-wide relationships |
| + Performance based component to compensation model |
| + Existence of union representatives and of an Employee Social Security Foundation |
| + Comprehensive model that considers stakeholders in management |

3.1 Participation in Management

According to the annual report and correspondence with the company, employees are constantly encouraged to participate in management, and their proposals aimed at the improvement of business are taken into consideration, assessed accordingly and rewarded. In 2009, a comprehensive model was implemented that includes stakeholders' interests in the bank's management. This model continues to be honed and built upon. Stakeholders are informed continuously through the Investor Relations and Subsidiaries Unit as well as the corporate website.

The interests and opinions of stakeholders are relayed to the bank's management via relevant bodies and concrete mechanisms currently in place. As previously noted, a flow chart on the company website clearly defines the direction and responsibilities regarding the information reporting process. Direct representation of the employees at the board level, however, still does not exist.

3.2 Company Policy

3.2.1 Rights and Duties of Stakeholders

Şekerbank recognizes the rights of employees and customers in its Code of Ethics. There is also a

Corporate Social Responsibility (CSR) section on the corporate website where information on some of Şekerbank's social initiatives and social donations is provided.

Şekerbank's website also has a dedicated section regarding the company's stance on environmental reporting. This is also evident in a section dedicated to its sustainability reporting in the annual report.

The Stakeholders are kept informed by the Company through general meeting minutes, material event disclosures, press releases, Seker Bulletin, meetings, emails and the website. In addition, a corporate intranet portal keeps employees informed and specifics concerning stakeholders' rights can be found in the revised corporate governance policy.

In 2008, Şekerbank published a policy that establishes concrete measures on how potential disputes between the company and stakeholders are addressed.

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

3.2.2 Relations with Customers and Suppliers

Şekerbank makes an effort to ensure good relations with its customers and suppliers. Customers are provided with opportunities to communicate any complaints to the company through a number of different channels. This can be accomplished through the company's website (www.Şekerbank.com.tr) as well as a call center (444 78 78). Training sessions are also provided that build client relation and satisfaction levels. The Code of Ethics continues to provide a detailed definition and description of relations with clients, focusing on issues such as the quality of its products, the importance keeping clients informed and client confidentiality.

A policy covering compensation rendered to customers and suppliers is not mentioned. However, according to the code of ethics, employees must strive to pursue customer satisfaction in their duties and to ensure the correction and prevention of the recurrence of the practices which lead to complaints.

3.3 EMPLOYEE AND SOCIAL RESPONSIBILITY

Şekerbank 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 mechanism that addresses such an instance is listed in the HR policy.

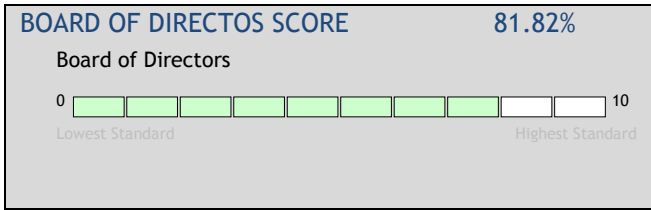
There is comprehensive information on the professional and personal training of employees once again in 2011. Specifics of the different training programs are outlined on the website and in the annual report. Union representatives are tasked with managing relations between the bank and its employees. In addition, regular staff meetings and information sessions take place.

With respect to performance based compensation, the company revealed that it has metrics in place to accurately account for the performance of employees based on productivity by each profit center and a performance management system.

Şekerbank's code of ethics can be found on the website. This contains among other things, the core values of the bank, the main responsibilities and duties of employees, codes of conduct with customers, suppliers, public authorities.

The company continues to provide information regarding its social responsibility activities on its website and in the annual report. The company has been particularly active in making contributions to education, restoration and the environment.

SECTION 4 - BOARD OF DIRECTORS



Summary

ŞEKERBANK maintains a satisfactory score of 8,18 in this category.

There are eleven members on the BoD, executives (ED) and non-executives (NED), of whom three are independent. The board structure complies with the one-third proportion of independent directors recommended by the CMB principles. The AoA and a board regulation clearly describe both the duties and working principles of the board members. Beginning in 2009, board members have prepared explicit declarations of compliance with internal and external regulations. This is in accordance with CMB guidelines.

The suggested separation of the Chairman and GM of the Bank positions continues to be respected. Each board member has one vote without any privileges and attendance at board meetings is duly provided.

Three committees are in place to support the functioning of the board: Audit, Corporate Governance (CG) and Credit Committees. The Corporate Governance Committee is the only “key” committee to be lead by an independent director.

The main responsibilities of the CG Committee are to: provide oversight over the board and governance processes and effectiveness; organize and implement corporate governance mechanisms in the company in a manner that would protect and maintain interests and benefits of all the shareholders and stakeholders; and to design remuneration schemes for the company's staff.

According to Article 13.2 of the company's AoA, it is mandatory that the independent board members issue an independence declaration and inform the Board of Directors immediately in case their independence is

compromised. In such a case, the independent board member is deemed resigned and instead a new independent member is elected. These declarations are updated on an annual basis and can be found on the company's website.

The risk management and control system has been implemented and a summary can be found in both the CG Report and a dedicated section in the annual report on the company website.

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. |
| + The Company does not lend money to board members or executives |
| + 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 |
| - Compensation is not explained in detail |

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

Once again it can be determined that the board of directors fulfills its duties with diligence and meets its responsibilities. The draft Turkish Commercial Code approved by the Turkish Grand National Assembly in early 2011 requires companies, starting with publicly traded firms, to implement enterprise risk management functions and report the risks periodically to the management. Şekerbank meets this requirement.

It can be determined that board clearly defines the mission and vision and is thereby leading the company. This is internalized in the policies that govern the conduct of the company.

The concrete mechanisms used to keep the board members regularly and comprehensively informed on pertinent matters are well explained this year and this is accomplished through the interactions of the secretariat with the board directors.

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 2011. 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.

Şekerbank does 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 in writing. All board members take an oath at the Commercial Court according to Article 27 of the Turkish Banking Law before commencing their work.

An official and publicly disclosed declaration confirming the preparation of the financial statements is provided by the Board.

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 publicly disclosed 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 Şekerbank 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 General Manager is followed.

Şekerbank complies with the suggested representation of one-third independent director representation. Since 2009, the Corporate Governance Policy statement refers explicitly to the criteria put forward by the CMB guidelines.

According to the CG Report, three directors are independent: Khosrow Kashani Zamani, Erdal Arslan, and Ulk Wokura. Corresponding independence statements presented to the Board of Directors of the bank by the independent directors are available again on the website and in the annual report.

Table 3: Board Structure

| NAME | ED/NED | INDEPENDENCE |
|-------------------------------------|--------|--------------|
| Mr.Hasan Basri Gökten | ED | NO |
| Mr. Arman DUNAYEV | NED | NO |
| Mrs. Meriç ULUŞAHİN | ED | NO |
| Mr. Erdal BATMAZ | ED | NO |
| Ms. Tatiana Alekseevna Fillipova | ED | NO |
| Mr. Emin ERDEM | ED | NO |
| Mr. Halil Can YEŞİLADA | NED | NO |
| Mr. Anvar SAIDENOV | NED | NO |
| Mr. Erdal ARSLAN | NED | YES |
| Mr. Khosrow Kashani ZAMANI | NED | YES |
| Mr. Ulf Workurla | NED | YES |
| | | |

Appointed board members at Şekerbank seem to be highly qualified and show a high level of knowledge and experience. This reflected in broad career backgrounds, advanced degrees, and specialized expertise. Şekerbank's board can draw on a wealth of experience in the commercial banking, economics, insurance, travel but also other areas, such as the public sector, academia and general business. Gender diversity is respected and evident by the representation of two women on the board. Information concerning the age of directors is disclosed.

Şekerbank takes into consideration the qualifications of its board members and since 2009 it has a formal adaptation/training program for new directors.

In reference to the election of the board members, Şekerbank does not permit cumulative voting. This is a common company practice in Turkey.

4.1.3 Functioning

It is not stated in the AoA if executives have to attend the meetings. According to the company, executives attend on a frequent basis and when called upon by the Board. 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 also 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 Bank applies this principle and discloses the method and timing of delivery of documents to its board members. A board secretariat has been established in order to ensure convenient access to information for board members and its functions are now disclosed. According to the CG Report, the agenda is prepared taking into account the memoranda prepared by the head office units.

In 2011, the Board met 18 times. Decisions can be adopted without board members being physically present, as the AoA allows for remote access and participation 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 and a comprehensive document regarding the secretariat exists.

The Audit Committee is tasked with preventing the conflict of interest among the members of Board of Directors, the managers and other employers and to monitor compliance with the internal arrangements and policies in order to prevent the abusive usage of company trade secrets.

According to an internal policy, meeting and travel expenses are reimbursed to board members.

Correspondence with the company also revealed that the all members of the Board of Directors are to systematically keep the documents related to Board of Directors' duties.

4.1.4 Remuneration

Members of the Board of Directors are paid a net salary of 5.500TL, the full-time Executive Directors and full-time Audit Committee Members are paid triple the salary of the normal members and the full-time Executive Chairman of the Board of Directors is paid a net amount equal to threefold of this amount. A premium is also paid as per relevant regulation and the statutory auditors are paid a net salary in the amount of 3,500TL.

No additional attendance or committee fees, as suggested by the CMB Principles, are paid. The compensation is discussed and determined at the AGM, in theory providing material power to the shareholders.

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

4.2 Board Committees

| GOVERNANCE FOCUS |
|---|
| + Three 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 |

4.2.1 In General

The board of Şekerbank has established three board committees to support its work and ensure an effective and efficient work flow. This has continued again in 2011. There is an Audit Committee (AC), a Corporate Governance Committee (CGC) and a Credit Committee. There is also an Assets & Liabilities Committee at the company's management level. This committee holds weekly meetings that are chaired by the General Manager and attended by the Executive Vice Presidents of the Treasury, Financial Control, Loans and Marketing, as well as the Vice President of the Bank's Risk Management Division.

According to the CMB Law, each committee should be composed of at least two members. The Audit Committee has two members and the Corporate

Governance and Credit Committee has four members each. The Corporate Governance Committee does not fulfill the CMB suggestion to be composed of a majority of NEDs. There is no such a requirement for the Credit Committee

Table 5: Committee Overview

| COMMITTEE | NO. OF MEMBERS | INDEPENDENT CHAIRMAN* | NO. OF NED |
|----------------------|----------------|-----------------------|------------|
| Audit | 2 | NO | 2 |
| Corporate Governance | 4 | YES | 2 |
| Credit Committee | 4 | NO | 0 |

*according to the status "Independent Board Member"

The results of the committee meetings are summarized in minutes and made available to the board afterwards. In addition, bi-annual 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 made available in both the English and Turkish.

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 Şekerbank'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.

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 any confusing issues. According to the committee charter, this committee is to meet at least four times a year. In 2011, it met 12 times.

Table 6: Audit Committee Composition

| NAME | BOARD | | |
|------------------------|--------|-----|--------------|
| | MEMBER | NED | INDEPENDENCE |
| Mr. Arman DUNAYEV | YES | YES | NO |
| Mr. Halil Can YEŞİLADA | 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. It met 3 times in 2011.

Following the CMB guidelines, Şekerbank’s GM is not a member of this committee but the majority of members are executives.

Table 6: Corporate Governance Committee Composition

| NAME | BOARD | | |
|----------------------------------|--------|-----|--------------|
| | MEMBER | NED | INDEPENDENCE |
| Mr.Hasan Basri Gökten | YES | NO | NO |
| Mr. Halil Can YEŞİLADA | YES | YES | NO |
| Mr. Khosrow Kashani ZAMANI | YES | YES | YES |
| Ms. Tatiana Alekseevna FILLIPOVA | YES | NO | NO |

Core responsibilities of the committee the course of the year 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 Investor Relations and Subsidiaries unit is explained in the IR internal regulation. Correspondence with the company revealed once again that the unit reports regularly to this committee.

The charter of the CGC is available in Turkish and English, and a version be found on the company website.

4.3 Internal Control and Risk Management

Şekerbank’s BoD has defined and integrated a risk management mechanism and an internal control system.

This system is comprised of three divisions (internal audit unit, compliance and internal control unit, and risk management unit). All of these units report directly to the Board and the Audit Committee. Furthermore, Internal System Managers report directly to the AC as well. All types of risk confronting the bank are also described in the company’s annual report and the risk system is elaborated upon in the CG Report.

Moreover, 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 |
|--|
| + Clear distinction between ED and NED in the definition of responsibilities |
| + Operational performance monthly report provided |

The AoA dedicates several articles to the Duties and responsibilities of the Credit Committee (formerly Executive Committee). It remains comprised of four members directly appointed by the Board; one of which remains the General Manager of the Bank. Two substitute members from the Board of Directors act as substitutes in the event standing members cannot attend. All resolutions made by this committee are registered in the company’s Book of Resolutions.

The distinctions between ED and NED regarding responsibilities and compensation are outlined in the AoA. The former receiving higher compensation, as well as a bonus linked to performance. This is in line with international standards of best practice. Correspondence with the company revealed that monthly reports of the performed works by the executives are prepared, as recommended by the CMB. The company does have D&O insurance for its directors.

Şekerbank follows the Code of Obligations Ethics recommendation of the CMB principles and incorporated the non-competition clause into the employment contract of all executives. This has continued this year.

Also, according to the company's internal bonus regulation, executives are to compensate losses that occur as a result of not performing their duties properly.

Finally, it should be noted that non-compete clauses have not been allowed under Turkish Law. Şekerbank, therefore, cannot fulfill the recommendation of the CMB Principles that suggest including such provisions into the employment contract.

Table 7: Credit Committee Composition

| NAME | POSITION/ FUNCTION | BOARD MEMBER |
|-------------------------------------|-----------------------|-----------------|
| Mr.Hasan Basri Gökten | Chairman | YES |
| Mrs. Meriç ULUŞAHİN | GM | YES |
| Mr. Emim Erdem | ED | YES |
| Ms. Tatiana Alekseevna FILLIPOVA | ED | YES |

5 Appendix

SHAREHOLDER STRUCTURE

Table : Shareholders of Şekerbank

| Shareholder | Nominal value (TRY) | % Shareholding interest |
|------------------------------|---------------------|-------------------------|
| Şekerbank Pension Fund | 339,787.080,00 | 33.98% |
| BTA Securities JSC | 339,787.080,00 | 33.98% |
| Sugar Beet Cooperatives | 835.677,57 | 0,08% |
| Free Float | 319,590.162,43 | 31,96 |
| SOURCE: COMPANY WEBSITE 2012 | | |

BOARD OVERVIEW

Table 10: Board of Directors

| Name | Age | First Appointment | Position | Executive / Non-Executive Director | Independence | CC | CGC | AC |
|-----------------------------------|-----|-------------------|-----------------|------------------------------------|--------------|-----|-----|-----|
| Mr.Hasan Basri Gökten | n/i | 1993 | Chairman | ED | NO | YES | YES | NO |
| Mr. Arman DUNAYEV | n/i | 2010 | Deputy Chairman | NED | NO | NO | NO | YES |
| Mrs. Meriç ULUŞAHİN | n/i | 2008 | GM/Board Member | ED | NO | YES | NO | NO |
| Mr. Erdal Batmaz | n/i | 2003 | Board Member | ED | NO | YES | NO | NO |
| Mr. Halil Can YEŞİLADA | n/i | 2006 | Board Member | NED | NO | NO | YES | YES |
| Mr. Emin ERDEM | n/i | 2002 | Board Member | ED | NO | YES | NO | NO |
| Mr. Khosrow Kashani ZAMANI | n/i | 2007 | Board Member | NED | YES | NO | YES | NO |
| Mr. Anvar SAIDENOV | n/i | 2010 | Board Member | NED | NO | NO | NO | NO |
| Mr. Erdal ARSLAN | n/i | 2006 | Board Member | NED | YES | NO | NO | NO |
| Ms. Tatiana Alekseevna FILIIPPOVA | n/i | 2007 | Board Member | ED | NO | YES | YES | NO |
| Mr. Ulf WOKURA | n/i | 2010 | Board Member | NED | YES | NO | NO | NO |