



**Corporate Governance Rating**

Rating Revision



**18 October 2011**

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## Corporate Governance Rating

Rating Revision

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

 **SAHA**  
Corporate Governance Rating:

**9.10**  
**BNK**

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MAIN SECTIONS: **Avg. 91.02**

Shareholders: 87.84



Public Disclosure & Transparency: 97.90



Stakeholders: 97.30



Board of Directors: 80.78



0 10 20 30 40 50 60 70 80 90 100

## RATING REVISION

The Corporate Governance Rating (8.92) that has been assigned to Türkiye Sınai Kalkınma Bankası A.Ş. on 19.10.2010 is hereby revised up to **9.10**.

In consideration of Türkiye Sınai Kalkınma Bankası A.Ş.'s determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements affected during the twelve months lapsed since the publication of the original report, the corporate governance rating of the company is revised as above.

Main improvements that affected the above revision are:

- Increase in the number of board members who attended to the general shareholders' meeting.
- The information policy now defines the type of information to be discussed at the general shareholders' meeting .
- The company has no ultimate controlling individual shareholders, all non-traded shares belong to corporations, and the related capital structure is presented in a table format in the annual report.
- The Ethical Rules, which is compatible with the ethical rules approved by the Turkish Banking Association, is presented to the latest general shareholders' meeting.

The sub-section ratings are revised as follows:

<b>Sub Sections</b>	<b>Weight</b>	<b>Rating</b>
Shareholders	<b>25%</b>	<b>87.84</b>
Public Disclosure and Transparency	<b>35%</b>	<b>97.90</b>
Stakeholders	<b>15%</b>	<b>97.30</b>
Board of Directors	<b>25%</b>	<b>80.78</b>
<b>Total</b>		<b>91.02</b>

## Rating Methodology

SAHA's "Private, Factoring, Leasing & Finance Companies" methodology (FLF-Priv.) for rating the degree of compliance with the Principles of Corporate Governance is based upon the Capital Markets Board's (CMB) Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the World Bank and the Organization of Economic Cooperation and Development (OECD). After having incorporated the views and opinions of experts and representatives from the CMB, the Istanbul Securities Exchange, the Turkish Corporate Governance Forum, academicians, private sector representatives as well as various professional organizations and NGOs, the Principles were adopted to reflect the national characteristics and conditions.

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

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

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

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

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

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

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

## Rating Definitions

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

#### DISCLAIMER

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

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