

# Risk Management

## Introduction

Risk is an integral part of our business. We strongly believe that providing maximum value to our shareholders is possible only through effective risk management in all of our operations. Each opportunity brings with it its own inherent risk to varying extents. Therefore, managing our risk effectively is crucial toward achieving sustainable growth. Our outstanding business results stand as testament to our success in risk management activities.

## Risk Management in Our Non-Financial Companies

The Sabanc Group has made great progress in its Enterprise Risk Management Transformation process on which it recently embarked. All Group Companies identify and prioritize their risk and determine detailed actions for critical risk through the support and methodology utilized by the Holding Risk Management Department. Our Group Companies continually improve and implement effective risk management at senior management levels. The success of our Group Companies in these risk management activities represents a crucial step in our performance measurement system.

In 2008, we established a Sabanc Risk Management and Insurance Platform (SARIM) under the coordination of the Holding Risk Management Department. SARIM is composed of representatives from Group Companies. All major risk management issues are discussed in this platform and necessary actions are determined.

Overall, the Sabanc Group, with a wide range of business activities, is prepared for any challenge that may occur in 2008. Our 2008 business plans are drawn up especially to enable us to manage our risk effectively without compromising our growth strategies.

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## Risk Management in Our Financial Companies

2007 was a successful year in terms of risk management for our financial services companies, which occupy a substantial place in our business portfolio. The risk management strategy, while conservative, is based on exploiting reasonable opportunities in a timely manner. Akbank has made considerable improvements in risk management and Basel II compliance. The liquidity crises which shook global markets in 2007 and are expected to continue into 2008 have also been managed successfully.

The main objectives of Akbank's Risk Management Division include setting up a risk management system in accordance with Basel II criteria and offering the best risk management practices in emerging countries. Our goal is to establish and develop the most effective systems for managing credit, market, operational and asset liability risk.

The basic characteristics of Akbank's risk management philosophy that differentiate the bank from other financial institutions are:

- To detect, manage and monitor market, credit, operational, asset liability risk and other banking-related risks at an early stage in a proactive manner and to appropriately allocate capital among business units,
- To establish a risk management system as an independent structure, separate from but coordinated with business units,
- To report all financial risk,
- To be open to learning and change in order to cope with new market conditions,
- To provide the highest value to shareholders, clients and employees,
- To be financially sound and reliable, to establish long-term business relationships with our shareholders and clients with the help of our long-term commitment to delivering the best possible service and product and
- To comply with Basel II regulations and other international guiding principles.