

DenizBank Corporate Governance Principles Compliance Report

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1. Corporate Governance Principles Compliance Statement

Prior to its IPO, DenizBank voluntarily conducted studies for compliance with the Capital Markets Board's (CMB) Corporate Governance Principles in line with international principles and sectoral practices; the "Corporate Governance Report" was published upon approval by the Board of Directors at its meeting dated September 16, 2004. DenizBank views Corporate Governance Principles as a dynamic field open to further improvement, and works to enhance its operations in this spirit.

DenizBank operates with a management approach built on the principles of transparency, equality, responsibility and accountability, and exercises maximum care to comply with CMB and BRSA Corporate Governance Principles as regards the management of relations with shareholders, as well as the determination of the duties, authorities and responsibilities of the Board of Directors and the management tiers that report to the Board. Differences between CMB Corporate Governance Principles and the Bank are outlined under the relevant sections of this report.

Part I: Shareholders

2. Investor Relations Department

In 2004, DenizBank set up the Investor Relations and Financial Communication Department under the umbrella of the Financial Affairs Group to take the necessary measures for compliance with existing legislation, the Articles of Association and other in-house regulations as regards the protection and exercising of shareholders' rights, especially the right to obtain and review information. The names and contact information of its staff are presented below. Since the free-float rate stands at 0.15%, a limited number of enquiries were received during the period from investors, all of which were answered either in written form, or else verbally.

Yeliz Koraslı Özdemir – Department Head

yeliz.korasliozdemir@denizbank.com
tel: +90 212 336 41 72

Merve Yanar – Specialist

merve.yanar@denizbank.com
tel: +90 212 354 85 98
Department fax: +90 212 354 85 00 /
+90 212 336 30 80

Activities during the Period

- Material event disclosures,
- Preparation of the annual report, interim activity reports, and press releases on financial data,
- Updating relevant information on the website,
- Examination of sector data and preparation of market share reports,
- Examination and comparative analysis of reports by other banks,
- Responding to questions received by email and telephone,
- Organization of Ordinary and Extraordinary General Assemblies,
- Examination and evaluation of analysts' reports,
- Presentation of analysis and survey reports to the Executive Management along with recommendations,
- Communicating with Credit Rating Agencies,
- Providing assistance to the publication of documents during bonds/bills issuance,
- Providing assistance to activities within the scope of Corporate Governance Practices.

3. Exercising of Shareholders' Right to Information

The Investor Relations and Financial Communication Department treats all shareholders equally. All shareholder inquiries were first assessed to determine whether or not they concerned trade secrets, and then answered accordingly either in written form, or else verbally. Queries made to the Investor Relations and Financial Communication Department concerned the following topics:

- The Bank's financial statements,
- Activities in business lines,
- General Assembly Meetings,
- The national economy,
- Forecasts regarding the Bank and the banking sector,
- Main shareholder,
- The Bank's goals for the upcoming year,
- Bonds/bills issued,
- Sale of subsidiaries,
- Sale of the Bank and the mandatory tender offer,
- Shareholders' opinion about delisting of shares.

DenizBank exercises maximum care to release information that may impact the exercising of shareholders' rights and the decisions of investors, in the most rapid and effective manner. Disclosures are considered within the scope of the CMB's Communiqué and Guide on Principles Regarding Public Disclosure of Material Events, announced via the Public Disclosure Platform and also published on the Bank's website. The Bank's website is itself used actively to provide shareholders, investors and other stakeholders easy access to information. The information published on our website is explained in detail under "Part II/9 Company Website and Contents."

Request for the Appointment of a Special Auditor

Shareholders' right to request the appointment of a special auditor is stipulated as an individual right in Article 14 of the Articles of Association, as per the Turkish Commercial Code, Article 438 and onwards. During the period, no request from shareholders for the appointment of a special auditor was received.

4. General Assembly Meetings

Invitation to and Information about the General Assembly

DenizBank issues the invitation to the Annual General Assembly at least 3 (three) weeks before the meeting date, as stated in Articles 11 and 35 of the Articles of Association. The announcement/invitation on the General Assembly is published in the Trade Registry Gazette, in dailies printed in Istanbul where the Bank is headquartered, on the Central Registry Agency's (MKK) Electronic General Meeting System (e-GEM), as well as on the DenizBank website. Furthermore, the agenda items, proxy forms, Annual Report, Articles of Association, financial statements and their footnotes, old and new versions of the Articles of Association in case of any amendments, information on Board Members and candidate Members in case the agenda items include the dismissal, replacement or election of Board Members, any requests from the shareholders, the CMB and other relevant public agencies to add items to the agenda, and all other documents regarding the agenda are submitted for shareholder scrutiny at the Bank's Head Office and on the Bank website as of the date of the announcement. Documents regarding the agenda items are also published via the e-GEM. Proxy voters do not have to be

shareholders. Since the launch of the e-GEM, it is no longer necessary to place voting shares under blockage to participate in the General Assembly Meeting. Shareholders can now participate in the meeting via the e-GEM, until 00:00 hours the day before the meeting. All shareholders whose names are included on the Shareholders List obtained from the e-GEM prior to the meeting can participate in person.

Although not stipulated in the Articles of Association, DenizBank's Board of Directors can decide to open General Assembly meetings to the wider public, including stakeholders and the press, although the latter do not have the right to take the floor. The meeting minutes of the General Assembly and the Attendance List are published on the e-GEM, PDP (Public Disclosure Platform) and the Bank's website. In 2012, DenizBank held an Ordinary General Assembly and an Extraordinary General Assembly.

Date: 23.03.2012

General Assembly: 2011-Ordinary

Participants: Shareholders, Representatives of Legal Authorities, Stakeholders

Participation Rate: 99.84%

Form of Invitation: Trade Registry Gazette, Hürriyet and Sabah newspapers, and announcement on the website

Date: 27.12.2012

General Assembly: 2012-Extraordinary

Participants: Shareholders, Representatives of Legal Authorities, Stakeholders

Participation Rate: 99.85%

Form of Invitation: Trade Registry Gazette, Hürs newspaper, and announcement on the e-GEM and website

Shareholders' Right to Add Items to the Agenda and Ask Questions

As indicated in Article 11 of the Articles of Association, minority shareholders may add items to the agenda and request the Board of Directors to call an Extraordinary General Assembly via justifiable written requests. At the Ordinary and Extraordinary General Assemblies held in 2012, shareholders did not propose such new agenda items.

As per Article 14 of the Articles of Association, all shareholders have the right to express their opinions and ask questions during general assemblies. Questions directed at the Board of Directors shall be answered immediately and verbally, if possible. Otherwise, these will be answered in written form within 15 (fifteen) days of the General Assembly. At the Extraordinary General Assembly Meeting held on 27.12.2012, a question posed by a shareholder beyond the scope of the agenda items was answered in written form after the meeting, during the same day. The said shareholder suggested that the free-float rate was very low, and that the Bank's shares were thus subject to price fluctuations on the stock exchange, and opined that the Bank must go delisting. In this vein, the shareholder also requested the opinion and decision of the Bank's main shareholder and Bank management on this subject. In response, it was indicated that the Bank could not intervene in the share price determined by supply and demand dynamics in the market, and that although CMB regulations outlined the principles of going delisting, it was a complicated process, adding that the Bank's parent company had not taken a decision to this end. On the other hand, it was explained that there were a number of rules that made it easier for minority shareholders to withdraw from the ownership.

The Bank makes donations and gives aid in line with the Donation Policy and relevant procedures defined by the Social Responsibility Policy. The sum of donations made during the period and the benefactors of these donations are listed in the Annual Report and presented to the shareholders at the General Assembly as a separate agenda item.

5. Voting Rights and Minority Rights

DenizBank shares do not have any preferential rights. As per Article 12 of the Articles of Association, each share carries one vote. Obstructions to the exercising of voting rights are avoided. Shareholders can be represented at the General Assembly by other shareholders, or an external proxy.

The Bank does not have any cross-shareholding relationships with any company. As stipulated by Article 29 of the Capital Market Law No. 6362, minority rights shall be exercised by shareholders representing at least one-twentieth of the paid-in capital as per Article 411 of the Turkish Commercial Code, and this condition is met by Article 11 of the Articles of Association.

6. Dividend Rights

The Bank's dividend distribution policy is outlined in Article 32 of the Articles of Association and published on the website. Prior to being presented by the Board of Directors to the General Assembly, the dividend distribution proposal is announced as a material event disclosure to shareholders and published on the Bank's website. From 2013 onwards, it will also be published on the e-GEM. The dividend distribution policy and the dividend distribution proposal for the relevant year are published in the Annual Report. There are no privileges concerning the distribution of dividends. Pursuant to the decision of the General Assembly held in March, no dividend is being paid for the year 2012.

7. Transfer of Shares

There is no provision in the Bank's Articles of Association restricting the transfer of shares. According to Article 8 of the Articles of Association, the transfer of shares is allowed in accordance with Turkish Commercial Code, Banking Law, Capital Market Law and the Articles of Association.

Part II: Public Disclosure and Transparency

8. Disclosure Policy

In addition to the items mandated for public disclosure by legislation, the Bank does its utmost to disclose any information with the exception of trade secrets. In order to inform the public effectively, the matters to be disclosed within the framework of the CMB's Corporate Governance Principles and Guide on Principles Regarding Public Disclosure of Material Events, as well as the means, timing, methods, and individuals responsible for the announcements are stipulated under the Disclosure Policy, approved by the Board of Directors and posted on the Bank's website. The execution of the Disclosure Policy falls under the responsibility of the Board of Directors, CEO and Executive Committee Members, as well as the employees of the Financial Affairs Group, Management Services Group, Internal Control and Compliance Department and General Secretariat within the scope of access to insider information, and the relevant managers of all business lines.

9. Company Website and Contents

In accordance with the public disclosure and transparency principles of the Corporate Governance Principles, DenizBank has created an effective website that is updated periodically to provide timely, accurate, complete, comprehensible, easy to analyze, low-cost and accessible information. The Bank's web address is www.denizbank.com. The website, available in Turkish and English, contains all the information stipulated in CMB Corporate Governance Principles. The following information is available on the website:

- Up-to-date shareholding and management structure,
- Information stating that there are no preferential shares,
- The latest version of the Bank's Articles of Association,
- Dates and issues of the Trade Registry Gazette, in which amendments to the Articles of Association are published,
- Amendments to the Articles of Association (attached to the agenda of the General Assembly) and Board of Directors resolutions,
- Material event disclosures,
- Press releases,
- Annual reports and interim activity reports,
- Periodical financial statements, independent audit reports and their footnotes (consolidated and non-consolidated),
- Documents concerning bond/bill issues,
- Obligatory announcement information form,
- General Assembly meeting agenda, minutes and attendance list,
- Proxy forms,
- Information on the internal control system and risk management,
- Curricula Vitae of the members of the Board of Directors,
- Curricula Vitae of the CEO and the Executive Management team,
- Human resources policy,
- Remuneration policy,
- Dividend distribution policy,
- Dividend distribution table,
- Disclosure policy,
- Risk management policies,
- Social responsibility policy (including Donation Policy),
- Compliance Policy,
- Code of Ethics,
- Information on the Bank's shares,
- Corporate Governance Principles Compliance Report,
- List of social responsibility activities.

10. Annual Report

The Annual Report is published in sufficient detail to provide complete and accurate information about the Bank's operations, and in accordance with BRSA and CMB regulations. The Annual Report features all topics listed in the relevant communiqué. Following its release on the Public Disclosure Platform, it is also published on the Bank's website.

Part III: Stakeholders

11. Informing Stakeholders

The rights earned through legislation and the reciprocal contracts of DenizBank's stakeholders (shareholders, employees, clients, correspondent banks, entities participating in syndication loans, public agencies, borrowers, lenders, credit rating agencies, suppliers, the social environment, and other interest groups the Bank is in contact with) are protected by DenizBank. If these rights are violated, the injured party is compensated. Relationships with all stakeholders are maintained with respect to the Code of Ethics. Employee rights have been determined through the Bank's approach, and through its human resources policy, remuneration policy, employee, disciplinary, and other regulations. Stakeholders are provided with information related to the Bank within the framework of the disclosure policy and other in-house regulations. Stakeholders are regularly informed through General Assembly minutes; material event disclosures; press releases; internal bulletins; in-house announcements; "Team Spirit" magazine; emails to clients; announcements via SMS, the call center, web platforms and social media channels; annual and interim reports; financial reports; and all notifications made via the website.

In addition, information is provided via meetings organized upon request and in written statements. Easy access to up-to-date information is facilitated by posting all the aforementioned information on the Bank's website.

Several mechanisms have been set up by which stakeholders can share complaints and suggestions regarding the Bank's activities and transactions with the management. While employees can use the suggestion system to share their wishes, requests, suggestions and complaints with the executive management, other stakeholders can share their requests and complaints with the Bank's management via the customer satisfaction system.

12. Stakeholder Participation in Management

To ensure optimum satisfaction while preserving the balance between customers, employees, shareholders and other stakeholders, the Bank strives to improve its product and service quality, and to fulfill the expectations of domestic and foreign customers. To this end, DenizBank acts in accordance with the "collective wisdom" concept and gears its systems towards continuous improvement.

Stakeholders can participate in the Bank's management by attending various committee meetings and the General Assembly, as well as by using the suggestion system and by exercising their right (as stated in Article 20 of the Articles of Association) to demand from the Chairman in writing the placing of an item on the agenda of the Board of Directors meeting. Furthermore, as per Article 11 of the Articles of Association, minority shareholders may request in written form that the Board of Directors add an item to the agenda of the General Assembly through justifiable written requests prior to the creation of said agenda. Moreover, shareholders may request the Board of Directors to call for an Extraordinary General Assembly through justifiable written requests and create the agenda for discussion. Below is a list of systems that facilitate employee, customer and shareholder participation in management. The output of these systems is presented to the Executive Management after being analyzed by related departments.

Employees

- Committees
- Suggestions System

Customers

- Customer Satisfaction System
- Suggestions System

Shareholders

- General Assembly
- Board of Directors
- Management Meetings

13. Human Resources Policy

General human resources policies designed for the Bank and its subsidiaries to perform their functions in the most effective fashion are based on the principles summarized below. These principles are posted as related procedures and processes on the Bank's website and intranet portal "DenizPortal", and are accessible by all members of staff.

Respect for Individuals: Recognizing that the first criterion for success is respect for the individual, and providing all employees, without discrimination, with the harmonious professional environment and physical means necessary for them to fully utilize and improve their abilities and skills.

Transparency in Management: Facilitating new ideas within the framework of mutual trust, understanding and communication; and problem solving through collective wisdom. Establishing and developing user-friendly technological systems that give employees the opportunity to communicate their demands, suggestions and opinions by further informing them on the applications that concern them.

The Opportunity for Training and Development: Keeping in mind that the Bank's most valuable investment is the development of employees using every available training tool, as well as managing their careers in accordance with their accomplishments and competencies, and aiming to select the managers and directors of the future from among Bank employees.

Fair and Reliable Remuneration Management: Implementing a compensation management system that provides fair and reliable salaries and benefits that encourage and reward success and excellence in line with market and prevailing conditions.

Practices and attitudes related to matters such as hiring criteria, salaries, training and health, in accordance with the general approach adopted within the framework of the human resources policy, are documented through guidelines, procedures and policies, all of which are available to employees.

Announcements that are of interest to Bank employees are communicated over the intranet (DenizPortal) and by email. A Suggestion System was developed through which the employees can transmit all of their suggestions and opinions. Suggestions submitted through "I Have an Idea" on DenizPortal are evaluated and pre-assessed by the Organization Department. Suggestions deemed viable after the pre-assessment by the relevant group/ department are submitted to the Suggestions Committee. Evaluation and rewarding of relevant suggestions are carried out by the Suggestions Committee. The recording and follow-up of the suggestions chosen for implementation are coordinated by the Organization Department. Furthermore, all employee concerns and problems regarding working practices are evaluated by their supervisors and brought to the attention of the Executive Management, where necessary. There have been no complaints from employees regarding discrimination in the workplace.

We believe that development is the most important factor of our human resource policy, and we support the personal development and career path of every DenizBank Financial Services Group employee with a policy of equal opportunity. All related programs are carried out at Deniz Academy, with training needs being analyzed. Modern training tools and methods like e-Deniz Academy, Deniz TV, mobile training and social media are used in training projects.

The Bank's employee remuneration policy was designed to establish the principles governing "payroll and social benefits". The "Remuneration Committee" was established to audit and monitor pay policies and practices on behalf of the Board of Directors. Salaries, factors significant in determining increase rates, the performance based pay system and criteria used in assessments have been identified within the scope of the policy. The policy has been made available to employees via the website and intranet portal.

14. Code of Ethics and Social Responsibility

DenizBank carries out its operations within the scope of the Banking Code of Ethics adapted and published on the website. Furthermore, the Bank published the "DenizBank Compliance and Integrity Policy" in order to establish respect for laws and regulations, ensure trust among customers, employees and shareholders, and prevent misconduct and fraud.

In addition to contributing to the national economy through its financial activities, DenizBank supports projects designed to raise public awareness, mainly in the fields of education, culture and the arts and sports, in line with its social responsibility approach. Besides, DenizBank Financial Services Group's Corporate Social Responsibility has been published on the website.

As part of its social responsibility activities, the Bank makes donations, supports projects, organizes cultural events and publishes works via DenizKültür.

The list of activities conducted to this end is presented on the Bank's website.

Part IV: Board of Directors

15. Structure and Formation of the Board of Directors

The Annual Report includes the names and short biographies of the Bank's executive, non-executive and independent Board Members. The formation, duties, and responsibilities of the Bank's Board of Directors, as well as its meeting format, are described in detail in Articles 17, 18, 19, and 20 of the Articles of Association. The Board of Directors consists of 14 members, two of whom are independent (as per Articles 4.3.6 and 4.3.7 of the CMB's Corporate Governance Principles), 11 are non-executive and three are executive members. In line with Article 17 of the Articles of Association the duties of Chairman and CEO are performed by different individuals. The term of office for all members of the Board of Directors is defined within the scope of Article 18 of the Articles of Association as three years. A member whose term of office expires can be re-elected. There are no quantitative limits as to the Board Members' taking office in the Bank's subsidiaries. In order to ensure efficient management, in principle, Board Members are asked not to take up more than three duties beyond the Bank's subsidiaries. A "Declaration of Independence" has been received from the independent members to fulfill the criteria of independence.

Investigating the independence of independent Board Members and identifying any conflicts of interests are among the duties and responsibilities of the Corporate Governance and Nomination Committee. Within the framework of the principles in force during the period of activity, there were no circumstances which could compromise the independence of the Board Members.

In 2013, the Bank plans to assign duties such as assessment of the independence of independent membership candidates, and the writing of a relevant report and submitting it for the approval of the Board of Directors to the Corporate Governance and Nomination Committee, rather than establishing a separate committee for this purpose. Amendments and regulations to this end will be implemented following the relevant resolution of the Board of Directors.

16. Operating Principles of the Board of Directors

Principles and quorum for Board of Directors meetings have been established in Article 20 of the Articles of Association. Although the Articles of Association states that the Board of Directors should meet at least four times per year, the Board meets as frequently as required to fulfill its duties effectively. The Board of Directors is convened by the Chairman of the Board or by the Vice Chairman if the Chairman is not present. The agenda of the Board of Directors meetings consists of items arising from the duties and responsibilities of Board members as stipulated in Article 19 of the Articles of Association, as well as members' requests, matters discussed at the weekly Executive Committee meetings and Committee resolutions. In line with shareholder rights, minority shareholders and stakeholders may demand that a certain subject be addressed at the Board of Directors meeting through a written request to the Chairman, and have it added to the agenda.

In the year 2012, the Board of Directors made 86 decisions.

It is essential that Board members attend the meetings in person, although attendance is also permitted via any means of remote conferencing. Each Board Member has one vote, all votes are equal and no member or Chairman has the privileged or weighted power to vote or veto.

A Board member cannot vote at a meeting on a related party transaction concerning themselves.

The Chairman of the Board does his utmost to enable the participation of non-executive members in the meetings. The Chairman is responsible for ensuring that Board meeting invitations and discussions are conducted in accordance with procedures, and that decisions are recorded in the meeting minutes.

During the Board of Directors meetings, members who cast dissenting votes are required to sign the minutes along with a statement explaining the reason for their votes. Minutes of the meetings and related documents, as well as the related correspondence are archived on a regular basis. The manner in which the Board of Directors meetings are held is determined by in-house regulations. Information and documents related to the items on the agenda of the Board of Directors meetings are presented to Board members for scrutiny by the Board Secretariat prior to the meeting in order to establish equal information flow. Members who cannot attend the meeting may submit their views in writing to the Board of Directors, and these opinions are shared with all other members. The compliance of the Bank's meeting minutes with legislation is ensured by the Board Secretariat, and a report is presented to authorized parties upon request. The duties of the Board Secretariat have been passed onto the Secretary General upon resolution of the Board of Directors. Decisions of the Board of Directors that are significant to stakeholders are made public via Material Event Disclosures.

17. Number, Structure and Independence of Board Committees

In order for the duties and responsibilities of the Board of Directors to be carried out fully, the Board established the Audit Committee and the Corporate Governance and Nomination Committee in 2004 within the scope of CMB Corporate Governance Principles. In addition, in 2011, the Board of Directors established the Remuneration Committee to monitor and inspect remuneration practices on behalf of the Board in accordance with the "Regulation on the Banks' Corporate Governance Principles" of the Banking Regulation and Supervision Agency. The duties and operating principles of committees are posted on the Bank's website. Information about the committees reporting to the Board of Directors and on the executive committees providing information flow to the management is presented below.

Committees Reporting to the Board of Directors

Corporate Governance and Nomination Committee

The Committee, consisting of three members, is responsible for overseeing Bank compliance with Corporate Governance Principles. The qualifications of Committee members are presented below.

Member: Deniz Ülke Arıboğan

Position: Member

Type of Membership: Independent Member

Education Level: Postgraduate Degree

Member: Nikolay Kuznetsov

Position: Member

Type of Membership: Non-Executive Member

Education Level: Postgraduate Degree

Member: Tanju Kaya

Position: Member

Type of Membership: Executive Vice President

Education Level: Bachelor's Degree

The Corporate Governance and Nomination Committee convenes at least three times a year. It also convenes whenever else required in the performance of its duties. The procedures related to the structure, duties, authorities and responsibilities of the Corporate Governance and Nomination Committee have been determined, and its main activities are posted on the Bank's website. Pursuant to Article 4.5.1 of CMB's Corporate Governance Principles, decisions regarding the transfer of the functions of the Nomination Committee to the Corporate Governance and Nomination Committee will be made in the year 2013. In 2012, the Committee made 11 decisions to recommend candidates to the Board of Directors as regards the appointment of executives. The nominated executives were appointed in line with the recommendations presented to the Board of Directors. The Committee has reviewed its operating principles during the meetings and made an effort to improve these through suggestions to the Board.

Audit Committee

The Audit Committee is responsible for overseeing the Bank's accounting system, financial information and its public disclosure, as well as taking all required measures to supervise the proper functioning and effectiveness of the internal control system. The Committee consists of three members. The qualifications of the members of the Committee are listed below.

Member: Nihat Sevinç

Position: Member

Type of Membership: Independent Member

Education Level: Bachelor's Degree

Member: Wouter Van Roste

Position: Member

Type of Membership: Non-Executive Member

Education Level: Bachelor's Degree

Member: Denis Bugrov

Position: Member

Type of Membership: Non-Executive Member

Education Level: Postgraduate Degree

The Audit Committee convenes at least once every three months -at least four times a year. In addition, the Committee meets with the independent auditors of the Bank, separate from the executive units, at least four times a year to discuss issues regarding internal control, financial statements, internal audit and other important items that need to be discussed. The procedures regarding the structure, duties, authorities and responsibilities of the Audit Committee have been defined and its main activities are posted on the Bank's website. The Audit Committee's activities during the year 2012 can be found in the section entitled Assessments of the Audit Committee in the Annual Report.

Remuneration Committee

A Remuneration Committee was established on December 7, 2011, to monitor and inspect remuneration practices on behalf of the Board of Directors in accordance with the Regulation on the Banks' Corporate Governance Principles issued by the Banking Regulation and Supervision Agency.

The Committee evaluates remuneration policies and practices within the framework of risk management and reports its recommendations annually to the Board of Directors. The qualifications of the members of the Committee are listed below.

Member: Sergey Gorkov

Position: Member

Type of Membership: Non-Executive Member

Education Level: Bachelor's Degree

Member: Nihat Sevinç

Position: Member

Type of Membership: Independent Member

Education Level: Bachelor's Degree

Credit Committee

The Credit Committee is in charge of evaluating proposals or applications regarding the commercial, corporate and SME loans of the Bank. The Committee convenes every week, assesses these

proposals or applications, and approves, or rejects those within its limits of authority. The Committee submits those proposals or applications beyond its authority to the Board of Directors. The Committee consists of three full and two alternate members. The qualifications of the members of the Committee are listed below.

Member: Alexander Vedyakhin

Position: Member

Type of Membership: Executive Member

Education Level: Postgraduate Degree

Member: Derya Kumru

Position: Member

Type of Membership: Executive Member

Education Level: Postgraduate Degree

Member: Hakan Ateş

Position: Member

Type of Membership: Executive Member & CEO

Education Level: Bachelor's Degree

Member: Sergey Gorkov

Position: Alternate Member

Type of Membership: Non-Executive Member

Education Level: Bachelor's Degree

Member: Nikolay Kuznetsov

Position: Alternate Member

Type of Membership: Non-Executive Member

Education Level: Postgraduate Degree

Executive Committees

Management Board

The DFSG Management Board is a committee operating under the authority of the CEO with powers delegated by the Board of Directors. The Management Board meets once a week under the chairmanship of the CEO. The Management Board consists of executive members of the Board of Directors, Executive Vice Presidents of executive business lines of the Bank and General Managers of subsidiaries. The Management Board was established to prepare and provide information to the Board of Directors, and to evaluate, conclude and exchange ideas regarding certain strategic decisions among the members of the Executive Committee.

Upon accepting recommendations regarding subjects within the authorization limits of the CEO, the CEO along with the Executive Vice President of the relevant unit, or the General Manager of the relevant subsidiary proceeds to enact the change. Recommendations related to subjects within the authorization limits of the Board of Directors are presented to the Board of Directors by the CEO, and the decisions made are executed under the responsibility of the Board of Directors.

Executive Committee

The DenizBank Financial Services Group (DFSG) Executive Committee is a consultation body that operates within the framework of the responsibilities delegated to the CEO by the Board of Directors. The Executive Committee, in principle, meets at least once a month under the chairmanship of the CEO and consists of the Executive members of the Board, the Executive Vice Presidents of the Bank, General Managers and/or Board members of some of the subsidiaries. The Executive Committee aims to make timely and reliable decisions in accordance with the “collective wisdom” principle.

Assets and Liabilities Committee

The Assets and Liabilities Committee meets every week under the chairmanship of the CEO and with the participation of the Bank’s Chief Economist and the managers of groups which conduct activities that can impact the balance sheet. The meeting agenda consists of the balance sheet of the Bank, activities of the business lines, general economic data and evaluation of current political and economic developments, along with the determination of the weekly assets and liabilities strategy.

Executive Credit Risk Committee

The Risk Committee meets once every three months to evaluate the effects of the market and economic developments that could create a risk for the loan portfolio of the Bank’s business lines and subsidiaries; to pursue and assess non-performing loans; to monitor developments in the collection efforts for non-performing loans; and to evaluate reserve budgets.

Disciplinary Committee

The Disciplinary Committee identifies operations and behavior punishable under the Bank’s regulations and disciplinary code, as well as the perpetrators, their degrees of fault, and the potential damages. The meetings are chaired by the Executive Vice President in charge of Human Resources. The Disciplinary Committee meets whenever required and creates its own agenda.

Purchasing Committee

The Purchasing Committee was established to centralize the wholesale and retail purchasing transactions of the Bank according to appropriate price and quality criteria, and within the framework of DenizBank’s procurement policy. The Committee meets at least twice a month.

Communications Committee

The Communications Committee was established to convey the Bank’s corporate identity to its target audience via appropriate messages, projects and mass media releases, while reinforcing and supporting the image of the Bank. The Communications Committee meets at least once a month. The resulting ideas and recommendations are presented to the Executive Committee for consideration.

Promotions Committee

The Promotions Committee is responsible for evaluating and making final decisions concerning vertical (increase in both title and duties and responsibilities) and horizontal (change in title where the duties and responsibilities remain the same) movements of all DenizBank Financial Services Group employees. The Promotions Committee meets once a year, in June, under the chairmanship of the CEO, and with the participation of all Executive Committee members.

Support Services Committee

The Support Services Committee meets regularly in order to supervise the compliance of support services procured externally by DenizBank with the relevant legislation, and to conduct the overall risk evaluation of all services. The Committee meets under the chairmanship of DenizBank’s Secretary General; it consists of managers of the relevant business line, primarily those in charge of Internal Control, Compliance, Legal Affairs, and Operation and Information Systems.

Suggestions Committee

The Suggestions Committee is responsible for the evaluation and compensation of the suggestions submitted by DFSG employees through the My World / “I Have an Idea” menu on DenizPortal. The Suggestions Committee is formed under the coordination of the Organization Department. Committee members consist of the representatives of business lines, the Human Resources Department, Intertech, the Service Quality Department, and the Organization Department.

18. Risk Management and Internal Control Mechanism

The Board of Directors has established the risk management and internal control systems designed to minimize the risks that could affect shareholders and stakeholders; and the Annual Report includes detailed information on the functioning, management, authority, responsibilities and efficiency of the system. The Bank’s Internal Control mechanism is managed by the Internal Control Center and Compliance Department, and by the Internal Audit Department. The Board of Directors monitors the efficiency of risk management and internal control systems via quarterly analyses and reports prepared by the Audit Committee. The Annual Report’s section on the Audit Committee provides further information on this issue.

19. The Company's Strategic Objectives

The Board of Directors administers and represents the Company by making strategic decisions that prioritize the long term interests of the Company, through a rational and prudent risk management approach designed to strike the optimum balance between the Bank's risk, growth and return. To this end, the Board of Directors sets the Bank's strategic objectives, identifies the human and financial resources it will necessitate, monitors the planning of the organization and operations geared towards this goal, and audits the management's performance in line with defined targets. During the implementation of the strategy, the Board oversees the compliance of the Bank's operations with legislation, the Articles of Association, in-house regulations and policies.

The Company's Strategic Objectives have been approved by the Board of Directors. The strategic objectives and the actual degree of completion of the business plans and budgets designed to meet these objectives are periodically monitored and reported through a robust infrastructural system.

20. Remuneration of the Board of Directors

DenizBank publishes on the corporate website its Remuneration Policy, approved by the Board of Directors and established to set the principles of "payroll and social benefits." Principles regarding the performance-based evaluation and remuneration of members of the Board of Directors, executive managers, the second-level managers of DenizBank, and second-level managers of subsidiaries are defined in the Remuneration Policy. Members of the Board of Directors (Executive Members of the Board of Directors and Vice Presidents) receive bonuses based on performance. The Chairman, Vice Chairman, and Board Members are paid an attendance fee determined by the General Assembly. In line with the precedents in the sector, members of the Board of Directors were paid TL 6,000 per month in 2012 as an attendance fee throughout their tenure. Statutory Auditors were paid TL 2,000 gross per month. As a result of performance assessments, managing staff members with outstanding performance were paid a total of approximately TL 52 million in bonuses in 2012.