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1. Declaration of Compliance with Corporate Governance Principles

DenizBank, prior to its public offering, has conducted studies for compliance with Capital Markets Board (CMB) Corporate Governance Principles voluntarily and also taken international principles and sector practices into consideration. The "Corporate Governance Report" was published upon approval of the Board of Directors at the meeting on September 16, 2004.

DenizBank accepts Corporate Governance Principles as a dynamic field open for improvement and accordingly enriches its operating practices.

DenizBank operates with a management approach built on principles of transparency, equality, responsibility and accountability and sees compliance with the Corporate Governance Principles of CMB and Banking Regulation and Supervision Agency (BRSA) as especially important regarding regulating relationships with stakeholders and identifying duties, authority and responsibilities of the Board of Directors and the management tiers below them.

Differences between CMB Corporate Governance Principles and our Bank are outlined under their relevant sections in this document.

Part I: Shareholders

2. Investor Relations Department

In 2004, DenizBank's Board of Directors set up the Investor Relations and Financial Communication Department to comply with existing legislation, the Articles of Association and other in-house regulations and arrangements on the right to obtain and review information, the issue of exercising shareholder rights and to take the necessary measures to ensure the exercise of such rights. The Department operates within the Financial Affairs Group and the names and contact information of its staff are published on the Bank's website.

Activities during the Period:

- Material event disclosures
- Preparation of the annual report, interim activity reports and press releases
- Updating financial statements on the website
- Examination of sector data and preparation of market share reports
- Examination and comparative analysis of competitor reports
- Responding to questions received by email and telephone
- Organization of the Ordinary General Assembly

- Examination and evaluation of analyst reports
- Presentation of analysis and survey reports to the Executive Management along with recommendations
- Communicating with Credit Rating Agencies

3. Exercise of Shareholders' Right to Obtain Information

The Investor Relations and Financial Communications Department treats all shareholders equally. In 2011, a limited number of information requests from shareholders reached the Department. All inquiries of stakeholders were assessed to determine whether they were within the scope of trade secrets or not. Those that were not within that scope were addressed in writing and/or verbally.

The requests for information received by the Investor Relations and Financial Communications Department during the period fell into the following categories:

- Bank's financial statements
- Activities of business lines
- Annual General Assembly Meeting
- Bank forecasts of the national economy, DenizBank, and the banking sector
- Main shareholder enquiries
- DenizBank's goals for the upcoming year
- Bonds/bills issued
- Sale of subsidiaries
- Sale of the Bank

DenizBank pays close attention to information releases that may impact the decisions of investors and exercising of shareholder rights in the fastest and most effective way. Disclosures are considered as Communiqué on Principles Regarding Public Disclosure of Material Events and are announced via Public Disclosure Platform and also published on our Bank website. The DenizBank website is used actively in order to provide easy access to information for shareholders, investors and other stakeholders. Information published on our website is discussed in detail under "Part II/10 Company Website and Contents."

Request for Appointment of a Special Auditor

The request for appointment of a special auditor submitted by shareholders with at least 1% of our Bank's shares is stipulated as an individual right in Article 14 of the Articles of Association.

No request from the shareholders was received for the appointment of a special auditor during the period.

4. Information on the Annual General Assembly

Invitation to and Information about the Annual General Assembly

DenizBank extends the invitation to the Annual General Assembly at least three weeks before the meeting date, as stated in Articles 11 and 36 of the Articles of Association. Agenda items and proxy forms are published in the Trade Registry Gazette, Hürriyet and Sabah dailies, 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 if there are any changes, requests from CMB and other state institutions and organizations to add items to the agenda and all other documents regarding the agenda items are made available to the shareholders at the Bank's Head Office and the Bank website as of the date of the announcement. In order to facilitate participation in the General Assembly, all information regarding the agenda as well as the proxy forms are posted on the Bank's website. There is no requirement for the proxy voter to be a shareholder. Shareholders who consign a minimum of one share to the Bank at least one week before the meeting date are issued a General Assembly entrance card.

Although not outlined in the Articles of Association, the Annual General Assembly is open to the public, including stakeholders and the press however they have no right to ask questions as per the decision of DenizBank's Board of Directors.

The minutes of the General Assembly and the list of participants are always available on the website for the Bank's shareholders.

In 2011, only one Ordinary General Assembly was held.

Date	March 24, 2011
General Assembly	2010-Ordinary
Participants	Shareholders
Participation Rate	99.84%
Form of Invitation	Trade Registry Gazette, Hürriyet and Sabah dailies, and announcement on the website

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

As ruled in Article 11 of the Articles of Association of DenizBank, minority shareholders may add items to the agenda and request the Board of Directors to call an Extraordinary General Assembly via justifiable written requests. As per Article 14 of the Articles of Association, all shareholders have the right to ask questions during general assemblies. Questions directed to the Board of Directors shall be answered immediately and

verbally if possible. They will otherwise be answered in writing within 15 (fifteen) days of the General Assembly.

Within the scope of the principles, matters regarding "doing business with the Bank and non-compete clause" expected to be presented to the General Assembly for approval are discussed in Article 24 of this report.

Our Bank carries out donations and aids in line with the conditions defined within operating procedures. Amounts of donations made within the period and the benefactors of these donations are listed in the Annual Report and presented to the shareholders at the General Assembly as separate items of the agenda.

Differences between Corporate Governance Principles and DenizBank's Practices

As per Article 19 of the Articles of Association, the Board of Directors has the authority to make decisions such as the division of shares and the sale, purchase or lease of a significant amount of assets as per the CMB Corporate Governance Principles, approved by the General Assembly.

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 of its subsidiaries or affiliates.

As imposed by Article 11 of the Capital Markets Law as amended by Law No. 4487, that minority rights shall be exercised by shareholders representing at least one twentieth of the paid-in capital, is satisfied by Article 11 of the Bank's Articles of Association.

Cumulative voting procedure is not used.

The rights granted in relation to shareholders' participation in management are presented in Articles 11, 13, 14, and 20 of the Articles of Association.

6. Dividend Distribution Policy and Timeline

The Bank's profit distribution policy has been stipulated in Article 33 of the Articles of Association and the information is announced on the Bank's website. Prior to being presented by the Board of Directors to the Annual General Assembly, the suggested dividend distribution is announced as a material event disclosure to shareholders and published on the Bank's

website. There are no privileges concerning the distribution of profit. Pursuant to the decision of the General Assembly held in March, no dividend is being paid for the year 2010.

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 under the Turkish Commercial Code, Banking Law, Capital Markets Law and the Bank's Articles of Association.

Part II: Disclosure To The Public and Transparency

8. Disclosure Policy

In addition to the items mandated for public disclosure by legislation, the Bank is very sensitive about disclosing any information except for trade secrets. In order to notify the public effectively, the matters to be disclosed to the public which is established within the framework of the CMB's Communiqué on Principles Regarding Public Disclosure of Material Events as well as the means, the timing, the methods, and the individuals responsible of the announcements are stipulated under the Disclosure Policy, approved by the Board of Directors and posted on the Bank's website. The groups/departments responsible for the Execution of the Disclosure Policy are listed below. Additionally, managers of all related business lines are responsible for the monitoring, development, and implementation of the disclosure policy regarding material events disclosures.

- Board of Directors
- President and CEO
- Executive Vice President in charge of Corporate Communications
- Executive Vice President in charge of Financial Affairs (CFO)
- Executive Vice President in charge of Economic and Strategic Research (Chief Economist)
- Secretary General
- International and Legal Reporting Group-Senior Vice President and Department Managers of the Group
- Investor Relations and Financial Communication Department
- Corporate Communications Department
- Corporate Compliance Group
- Self-Service Channels Group
- All Executive Vice Presidents within the scope of Material Events Disclosures

9. Material Event Disclosures

In accordance with the CMB Communiqué Series: VIII, No. 54; 57 material event disclosures were made within the timeframe required by legislation during the period and all of which are posted

on the Bank's website. Material Event Disclosures for matters of high importance are published in English on our website as well. Since the Bank's shares are not listed on foreign stock exchanges, no material event disclosures were made on any stock exchanges other than the ISE. In line with requests from CMB and Public Disclosure Platform regarding news in the press, 4 disclosures have been made.

10. Company Website and Content

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 information available is listed below:

- Up-to-date shareholding and organizational 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 changes to the Articles of Association are published
- Amendments to the Articles of Association (Attached to the agenda of the General Assembly)
- Material event disclosures
- Press releases
- Annual reports and interim activity reports
- Periodical financial statements, independent audit reports and their footnotes (consolidated and non-consolidated)
- General Assembly meeting agenda, minutes and list of participants
- Proxy forms
- Information on the Bank's internal control system and risk management
- Curricula Vitae of the members of the Board of Directors
- Curricula Vitae of the President and CEO and the Executive Management team
- Human resources policy
- Remuneration policy
- Dividend distribution policy
- Dividend distribution table
- Disclosure policy
- Risk management policies
- Code of ethics
- Information on the Bank's shares
- Compliance with Corporate Governance Principles Report
- List of activities undertaken within the scope of social responsibility

11. Disclosure of Real Person(s) as Ultimate Controlling Shareholder(s)

DenizBank's shareholding structure as well as the ultimate controlling shareholders of the Bank is shown in the tables below. There are no cross-shareholdings in the shareholder structure of DenizBank.

Shareholding Structure of DenizBank A.Ş. – as of December 31, 2011

Shareholders	Nominal Value (TL)	% of Shares
Dexia Participation		
Belgique SA	714,945,285	99.83875
M. Cem Bodur	11.33	0.000002
Hakan Ateş	11.33	0.000002
Ayfer Yılmaz	11.33	0.000002
Publicly Traded	1,154,681	0.161246
Total	716,100,000	100

Shareholding Structure of Dexia Participation Belgique SA

Shareholders	% of Shares
Dexia SA	95
Dexia Participation Luxembourg SA	5

12. Disclosure of People with Access to Insider Information

DenizBank takes the necessary precautions to prevent leaks of inside information. Persons assuming the following titles and duties are authorized to access commercially sensitive information and information considered to be trade secrets. The list of these people's names is posted on the Bank's website.

- Dexia Managers
- Members of the Board of Directors
- Executive Management
- Regional managers
- Members of the Assets and Liabilities Committee
- Marketing and Branch Performance managers
- Internal Audit Department managers
- Compliance Group managers
- Internal Control Group managers
- Risk Management Group managers
- Legal Affairs Group managers
- Treasury and Private Banking Group managers
- Fundamental Controls and Support Group employees
- Administrative Services Group managers
- Secretary General
- Financial Affairs Group
- Corporate-Commercial Credits Group managers
- Advertising and Public Relations Department managers
- Investor Relations and Financial Communication Department
- IT Group managers
- Independent Auditors

Part III: Stakeholders

13. Informing Stakeholders

The rights earned through legislation and reciprocal contracts of DenizBank's stakeholders (shareholders, employees, clients, correspondent banks, entities that participated in syndication loans, public entities, lenders, loan issuers, credit rating agencies, suppliers, our 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 regulations, disciplinary regulations, and other regulations. Stakeholders are provided with information related to the Bank within the framework of disclosure policy and other company regulations. Stakeholders are regularly informed through: General Assembly minutes; material event disclosures; press releases; internal bulletins; in-house announcements; "Team Spirit" magazine; announcements made to clients via email, SMS and the call center; annual and interim reports; financial reports and all notifications made via the website.

In addition, the information is provided via meetings organized upon request and 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 customer satisfaction system.

14. Participation of Stakeholders 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 for 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 a Board of Directors meeting. Furthermore, as per Article 11 of the Articles of Association, minority 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 participation in management by employees, customers and shareholders. The output of these systems is presented to the Executive Management after being analyzed by related departments.

Employees

- Committees
- Suggestions System
- Executive Committee

Customers

- Customer Satisfaction System
- Suggestions System

Shareholders

- General Assembly
- Board of Directors
- Executive Meetings

15. Human Resources Policy

General human resources policies undertaken for the Bank and its subsidiaries to perform their functions most effectively 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 the staff.

Respect for Individuals: Recognizing that the first criterion for success is respect for the individual and providing all employees, without discrimination, with the professional environment and opportunities 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, communication and problem solving by way of a collective wisdom. Establishing and developing user-friendly technological systems to 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 most valuable investment of the Bank is the development of employees using every possible training tool, managing their careers in accordance with their accomplishments and competencies and aiming to select the managers and directors of the future from among the Bank's employees.

Fair and Reliable Remuneration Management: Implementing a compensation management system that provides fair and reliable salari-

es and benefits that encourage and reward success and excellence while staying in line with market and contemporary conditions.

Practices and attitudes related to matters like 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 our 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 employees' concerns and problems regarding working practices are evaluated by their supervisors and brought to the attention of the Executive Management, if 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 in Deniz Akademi and training needs are analyzed. Modern training tools and methods like e-Deniz Akademi, Deniz TV, mobile training and social media are used in training projects.

Our employee remuneration policy is designed with "payroll and social benefits" in mind. 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 system and criteria used in assessments have been identified within the scope of the policy. The policy has been made available to our employees via our website and intranet portal.

16. Relations with Clients and Suppliers

Clients

In order to ensure client satisfaction by offering standardized products and services, DenizBank prepared and presented processes to the Bank's employees via DenizPortal (intranet).

The Bank set up a Customer Satisfaction Department to conduct relations with customers at the desired level. Customers have the opportunity to convey any information regarding the Bank's products and services, applications, suggestions, compliments or complaints through the Bank's branches, website and Contact Center. The tracking and follow-up of the requests is carried out by the Customer Satisfaction Department. Complaints and suggestions received are communicated to the related departments to be resolved and customer suggestions to be considered. Customers are informed about the outcome of their requests.

Covert Customer Surveys are conducted at the branches to measure customer satisfaction and the findings are reported to the Executive Committee and the actions that need to be taken are determined.

By incorporating the results of the assessments based on criteria such as the approach to customers, conformity with the Bank's corporate identity and other general attitudes and behaviors into "PUPA" performance system and "Service Quality Bonus" applications, the Bank aims at ensuring sustained customer satisfaction achieved by creating additional income for the employees.

The Customer Satisfaction Department shares statistical data on customer feedback with all employees periodically via email and thus aims to increase employee awareness regarding customer satisfaction.

Suppliers

All procurements at DenizBank are conducted centrally by the Purchasing Department from the suppliers in the Approved Suppliers list and validated by the Purchasing Committee. The following factors are taken into consideration when selecting a supplier from which the Bank will acquire products and services.

- Banking sector references
- Samples of previously delivered products or services
- Confirmation of references
- Technical capability
- Subject-specific knowledge
- Optimum cost

DenizBank transparently shares all of its evaluation criteria for relations with suppliers and provides equal opportunities to all of them. DenizBank cares about the confidentiality of information considered to be trade secrets regarding clients and suppliers.

17. Code of Ethics and Social Responsibility

DenizBank carries out its operations within the scope of the Code of Ethics adapted and published on the website. Furthermore, DenizBank published the Integrity Policy in order to establish respect for the laws and regulations, ensure the trust

among the customers, employees and shareholders and to prevent misconduct and fraud.

In addition to its activities in economic and financial areas, DenizBank invests mainly in the fields of culture, education, art and sports that enhance the quality of life for the Turkish populace within the framework of its social responsibility consciousness.

To this end, the Bank makes donations, undertakes sponsorships, organizes cultural events, publishes works via DenizKültür and carries out projects nationwide.

The list of activities in this area conducted in 2011 is presented on the Bank's website.

Part IV: Board Of Directors

18. Structure and Composition of the Board of Directors and Independent Members

Names and short biographies of the Board Members have been shared as part of the Annual Report under categories of executive, non-executive and independent.

The structure, composition, 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. Article 17 of the Articles of Association states that the Board of Directors can consist of a minimum of five and a maximum of 15 members in a fashion that allows for carrying out effective and constructive activities as well as quick and rational decision making. The Bank's Board of Directors consists of eleven members; eight members have no executive duties, two of whom serve as independent member and three members are executive. As per Article 17 of the Articles of Association, the duties of Chairman of the Board and the CEO of the Bank have to be carried out 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 and is set at three years. Members whose term of office is completed can be re-elected. "Declaration of Independence" has been received from the Independent members of the Board of Directors. No development terminating the independent status of the members of the Board of Directors occurred during the reporting period.

Independence Criteria

During the General Assembly on March 24, 2011, Ayfer Yılmaz was appointed as Vice Chairman and Independent Member of the Board of Directors and M. Cem Bodur replaced Hacı Ahmet Kılıçoğlu as an Independent Member of the Board of Directors.

Differences between the Corporate Governance Principles and DenizBank's Practices

While one member of the Board of Directors appointed as an independent member meets many of the independence criteria stipulated by the CMB and the international principles, it differs from time limit determined in the CMB Corporate Governance Principles.

19. Qualifications of the Board Members

Special care is taken concerning the qualifications of the members of the Board of Directors to correspond with the qualifications stipulated in the CMB Corporate Governance Principles for the duties and practices of the Board of Directors. As per Articles 17, 18, and 19 of the Articles of Association, members of the Board of Directors are chosen from among candidates that meet criteria sought in light of Banking Law no. 5411 by the General Assembly. These articles also identify the term of office, duty and authority and conditions for election and removal from duty regarding the members of the Board of Directors.

20. The Mission, Vision and Strategic Goals of the Bank

The Board of Directors manages and represents the Bank with thoughtful risk management and strategic decisions with long term interests at heart by optimally balancing the Bank's risk, growth and return. Accordingly, it defines the Bank's strategic goals, identifies the human and financial resources the Bank may need, supervises the planning of the organization and activities accordingly and monitors the performance of the management based on the identified targets. Furthermore, the Board supervises the compliance of the Bank's activities with legislation, Articles of Association, internal regulations and policies.

DenizBank's mission and vision are developed by the Board of Directors and are published on the Bank's website.

DenizBank's Mission

DenizBank's mission is to enhance shareholder value with its market position, image and corporate characteristics by employing a supermarket approach to financial services, thus ensuring satisfaction to shareholders, employees and customers.

DenizBank's Vision

DenizBank envisions becoming one of the largest five banks in Turkey and the foremost financial institution in the region defined as the Middle East, Caucasus, Balkans and CIS (Commonwealth of Independent States) countries through sustainable and profitable growth.

The strategic goals of the Bank were approved by the Board of Directors. The strategies and business plans to reach those goals as well as the actual realizations on the budgets are monitored and reported constantly via an effective system infrastructure.

21. Risk Management and Internal Control Mechanism

The Board of Directors has established a risk management and internal control mechanism that can minimize the effects of risks that may impact shareholders and stakeholders. Detailed information about this system's operation, administration, duties, responsibilities and effectiveness is available in the Annual Report. The Internal Control mechanism of DenizBank is managed by the Internal Control Center and Compliance Department and the Internal Audit Department. The Board of Directors reviews the effectiveness of the risk management and the internal control system quarterly through the reports prepared by the Audit Committee. This topic is discussed under Audit Committee assessments in the Annual Report.

22. Duties and Responsibilities of the Board Members and Executives

DenizBank's Board of Directors carries out activities in a transparent, accountable, fair and responsible manner following Corporate Governance Principles. Duties and responsibilities of DenizBank's Board members are stipulated in Article 19 of the Articles of Association. Duties and responsibilities of the Bank's executives are stipulated in Article 28. In addition, duties and responsibilities of the Bank's CEO are stipulated in Article 29 of the Articles of Association.

23. Operating Principles of the Board of Directors

Principles and quorum for the 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 carry out 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, members' requests, matters discussed at the weekly Executive Committee meetings and Committee resolutions. Furthermore, any one of the internal auditors may set the agenda and call the Board of Directors for a meeting. In line with shareholder rights, minority shareholders and stakeholders may request a certain subject to be addressed at the Board of Directors meeting in writing to the Chairman of the Board and have it added to the agenda.

The Board of Directors held 73 meetings during 2011.

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

Board members with affiliations cannot vote in Board meetings concerning such affiliated party transactions.

The Chairman of the Board strongly encourages 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 made 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 documented in in-house regulations. Information and documents related to the items on the agenda of the Board of Directors meetings are presented to the Board members for viewing 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.

Compliance of Bank's meeting records with the 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.

24. Prohibition of Doing Business with the Bank and Non-Compete Clause

Provided that they remain outside the issues prohibited by Banking Law No. 5411, permissions contained in Articles 334 and 335 of the Turkish Commercial Code regarding prohibition of transactions with companies and the non-competitiveness clause have been granted to the Board members by the General Assembly. All transactions by the members of the Board of Directors and executives are inspected at least once a year by the Internal Audit Department. In addition, in 2011, the Audit Committee conducted the required controls within the framework of its regular audits and informed the Board of Directors in this respect. There were no situations contrary to what is stipulated by the current legislation.

25. Code of Ethics

Within the framework of the code of ethics, DenizBank has adopted Principles of Banking Ethics. DenizBank's Executive Management is responsible for ensuring that personnel and executives comply with the Bank's code of ethics, that these rules are adopted by all employees

and that DenizBank carries out its activities within these rules. Furthermore, DenizBank has published the Integrity Policy in order to establish respect for the laws and regulations, trust among the customers, employees and shareholders and to prevent misconduct and fraud. The body of these rules was presented to employees and stakeholders via DenizPortal and the website.

26. Number, Structure and Independence of the Committees Established within the Board

In order for the duties and responsibilities of the Board of Directors to be carried out wholly, the Board of Directors 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 of Directors 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 is responsible for overseeing the compliance of the Bank with the Corporate Governance Principles. The Committee consists of two members. The qualifications of the members of the Committee are depicted below.

Member: M. Cem Bodur

Position: Member

Member Definition: Independent Member

Education Level: Undergraduate

Member: Tanju Kaya

Position: Member

Member Definition: Executive Vice President

Education Level: Undergraduate

The Corporate Governance and Nomination Committee convene at least three times a year and whenever required to perform its duties. The procedures related to the structure, duties and responsibilities of the Corporate Governance and Nomination Committee have been determined and its main activities are posted on the Bank's website.

In 2011, the Corporate Governance and Nomination Committee performed the following actions:

The Committee held 12 meetings regarding the appointment of executives to recommend candidates to the Board of Directors. The nominated executives were appointed in line with the recommendations presented to the Board of Directors. Through suggestions to the Board, the Committee made an effort to improve its operating principles, which were reviewed during the meetings.

Audit Committee

The Audit Committee is responsible for overseeing the Bank's accounting system, financial information and its disclosure to the public 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: Ayfer Yılmaz
Position: Member
Member Definition: Independent member
Education Level: Undergraduate

Member: Philippe J.E. Rucheton
Position: Member
Member Definition: Non-executive member
Education Level: Postgraduate

Member: Eric Hermann
Position: Member
Member Definition: Non-executive member
Education Level: Postgraduate

The Audit Committee meets at least once every three months; at least four times a year. In addition, the Audit 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 and responsibilities of the Audit Committee have been defined and its main activities are posted on the Bank's website.

The Audit Committee's 2011 activities can be found in the Bank's Annual Report under the heading "Assessments of the Audit Committee."

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" of the Banking Regulation and Supervision Agency.

The committee evaluates the remuneration policy and practices with respect to risk management and reports its recommendations annually to the Board of Directors.

The qualifications of the members of the Committee are listed below.

Member: M. Cem Bodur
Position: Member
Member Definition: Independent member
Education Level: Undergraduate

Member: Ayfer Yılmaz
Position: Member
Member Definition: Independent member
Education Level: Undergraduate

Executive Committees

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.

Credit Committee

The Credit Committee evaluates the recommendations of commercial, corporate and SME loan applications submitted to DenizBank. Meeting every week, the Committee evaluates the recommendations and either approves or rejects the loan applications that are within its limits of authority. The Committee submits the requests that exceed its authorization limits to the Board of Directors for approval.

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 the developments in the collection efforts for non-performing loans and to evaluate reserve budgets.

Disciplinary Committee

The Disciplinary Committee identifies problems, the perpetrators and their degrees of fault and the potential damage to operations and activities. Severely incompetent or malicious parties may face disciplinary action according to the internal legislation and disciplinary

regulations of the Bank. The meetings are chaired by the Executive Vice President responsible for Human Resources. The Disciplinary Committee meets as needed 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 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 of the Executive Committee members.

Executive Committee

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.

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, 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.

Support Services Committee

The Support Services Committee meets in order to supervise the compliance of support services procured externally by DenizBank with the relevant legislation and conduct the global risk evaluation of all services. The Committee meets under the chairmanship of DenizBank Secretary General; and consists of managers of the relevant line of business, 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 My World / "I Have an Idea" on DenizPortal. The Suggestions Committee was formed with the coordination of the Organization Department. Committee members consist of the representatives of business lines, Human Resources Department, Intertech, Service Quality Department, and the Organization Department.

27. Remuneration of the Board of Directors

DenizBank publishes its Remuneration Policy, approved by the Board of Directors and established to create the fundamentals of "payroll and social benefits," on its company website. Principles regarding the performance based evaluation and remuneration of members of the Board of Directors, executive managers, 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) are compensated based on performance.

The Chairman, Vice Chairman, and the members of the Board of Directors are compensated with Attendance Fee as 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 2011 as Attendance Fee throughout their tenure. Statutory Auditors were paid TL 2,000 gross per month.