



**Corporate Governance
Rating Report**

BANKING

This Report has been prepared by JCR-ER in compliance to the regulations of Capital Market Board of Turkey

		9.14 AAATrk/aa (Stable)
Corporate Governance Score & Outlook	Shareholders	9.07 AAA(Trk)/aa (Stable)
	Public Disclosure & Transparency	9.25 AAA(Trk)/aa (Stable)
	Stakeholders	9.05 AAA(Trk)/aa (Stable)
	Board of Directors	9.15 AAA(Trk)/aa (Stable)

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Bank Information	
Trade Name	T. GARANTİ BANKASI A.Ş.
Address	Nispetiye Mah. Aytar Cad. No:2 Beşiktaş/ İSTANBUL
Chairman	Mr. Ferit ŞAHENK
CEO	Mr. Ergun ÖZEN
Investor Relations	Phone: +90.212.318.23.52 investorrelations@garanti.com.tr
Web	www.garanti.com.tr www.garantiinvestorrelations.com
Investor Relations (SVP)	Ms. Handan SAYGIN

TÜRKİYE GARANTİ BANKASI A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (USD mn)	102,706	100,852	86,938	89,344	77,589
Total Assets (TRY mn)	217,736	177,500	162,139	135,803	115,608
Total Deposit (TRY mn)	119,194	97,775	93,236	79,104	68,781
Total Net Loans (TRY mn)	131,315	102,260	92,654	71,092	54,765
Equity (TRY mn)	23,475	21,922	18,150	16,873	13,836
Net Profit (TRY mn)	3,596	3,390	3,398	3,432	3,095
Market Share (%)**	12.57	12.84	13.09	13.28	13.64
ROAA (%)	2.28	2.52	2.87	3.42	3.68
ROAE (%)	19.85	21.37	24.42	27.99	33.11
Equity/Assets (%)	10.78	12.36	11.18	12.42	11.97
CAR-Capital Adequacy Ratio (%)**	14.42	18.09	16.89	19.62	21.20
Asset Growth Rate (Annual) (%)	22.67	9.47	19.39	17.47	17.74

*End of year **On solo basis among the deposit banks

Overview

Türkiye Garanti Bankası A.Ş. (Garanti or Bank), {credit ratings by JCR Eurasia Rating on April 28, 2014: [FC: BBB/BBB+ Stable, LC: AAA(Trk)/(A-1+)(Trk) Stable]} was established in 1946 and is a large-scale deposit bank carrying out activities in the fields operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking. In addition to its major fields of activity, the Bank, through its numerous subsidiaries, provides related non-banking financial services in the field of factoring, leasing, pensions, insurance, brokerage and asset management. With its nationwide coverage network of 991 branches, the Bank has 8 foreign branches in Cyprus, one in Luxembourg and one in Malta as well as 3 international representative offices located in London, Düsseldorf and Shanghai. As of December 2014, Garanti's ownership structure was comprised of two majority shareholders, the Dogus Group with a share of 24.23% and BBVA (Banco Bilbao Vizcaya Argentaria S.A) with a share of 25.01%. The remaining 50.76% are held by a variety of investors that includes domestic and foreign retail along with foreign institutional investors across the globe. Doğuş Group and BBVA have entered into a Share Purchase Agreement dated November 19, 2014 with respect to sale of shares of Garanti, which will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the Banking Regulatory and Supervisory Authority, the Capital Markets Board and the Competition Board. Following the completion of the share transfers, Doğuş Group's and BBVA's stake in Garanti will be respectively 10% and 39.9% of the share capital. The Board of the Bank consists of 10 members, only the CEO pursues an executive position. 3 board members are in the independent status.

Strengths

- Presence of two functional departments to inform present and potential shareholder and to facilitate the use of shareholder rights
- Annual General Meetings (AGM) conducted with a high level of Compliance with the Code and substantial rates of attendance
- Utilization of Company website as an effective transparency platform in Turkish and English
- Strong employee loyalty
- Effective Board of Directors comprised of highly qualified, educated and experienced members
- Detailed and well-functioning internal control system and effective risk management practices

Constraints

- Absence of any clauses in the articles of association of the Bank to broaden the exercise of minority rights beyond the current legislation for shareholders holding less than 5% of the share capital.
- Lack of disclosure of the board members and the top managers' remunerations per person

Publication Date: December 11, 2014

"Global Knowledge supported by Local Experience"

1- Rating Methodology and Executive Summary

This report was prepared in light of JCR Eurasia Rating's original methodological procedures in accordance with the Corporate Governance Principles (the code) set by the Capital Markets Board (CMB) and states Garanti's level of compliance with Corporate Governance Principles as of December 2014.

The Capital Markets Board's Corporate Governance Principles were first made public in 2003. Important revisions and changes were made at the beginning of 2012 and again in January 3, 2014, as detailed in the Communiqué II-17.1 (accessible on www.spk.gov.tr)

The CMB pursued a significant change regarding the methodology of calculation of compliance rating scores in the beginning of 2014. Based on the recent CMB legislation, the new scoring methodology consists of two stages in which companies are allocated a base and a full score. In the new system, companies are first assigned a base score with a maximum of 85 points determining their compliance with the rules and practices outlined in the Code. In the second stage, an additional 15 points may be awarded depending on the efficient implementation and value creation achieved through practices exceeding those specified in the principles. Practices not stated in the Code but determined by JCR Eurasia Rating as best governance practices are also taken into account in the assignment of additional points. With these changes, CMB put special emphasis on functional compliance along with structural compliance to the Code and scores are put under pressure mathematically as a result of the new calculation in two stages.

The Code consists of four main sections; Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. These main sections' coefficients, which were determined by the CMB, have been recently changed with the latest weight composition as outlined below;

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

These coefficients were 25%, 35%, 15% and 25%, respectively, in the previous years.

Subject to the preservation of the integrity of CMB regulations and regulations related to Borsa Istanbul Corporate Governance Index and compliance with the limitations thereof, this report also covers such topics as implementations regarding "Outlook" determinations and "Financial Efficiency" analyses, all of which exist in JCR Eurasia Rating's original methodological structure.

Findings and assessments within the content of the report are based on information and documents disclosed by the

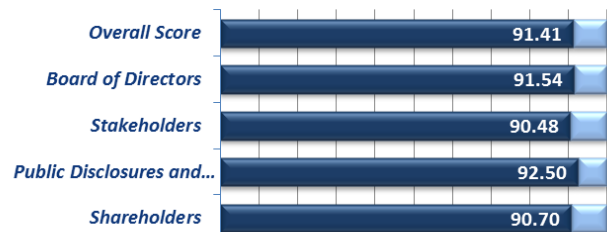
Bank to the public through various channels and also submitted to JCR Eurasia Rating in writing and verbally, as well as reports and statistics Publicly disclosed in Public Disclosure Platform (PDP).

Distinct levels of the 4 main categories regarding compliance with the CMB Corporate Governance Principles are exhibited in the following table below. The overall score has been calculated based on weightings determined for these 4 categories in line with CMB regulations.

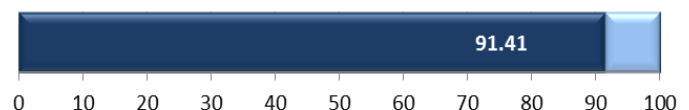
December 11, 2014				
Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Shareholders	90.70	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Public Disclosures and Transparency	92.50	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Stakeholders	90.48	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Board of Directors	91.54	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Overall	91.41	AAA(Trk) (Distinctive)	(aa) (Superior)	Stable

JCR Eurasia Rating's notation system may be viewed at: http://www.jcrr.com.tr/Administrator/files/436_kyder_notation.pdf

Corporate Governance Score %



Overall Score %



Corporate Governance Overall Results
9.14
AAA (Trk)/aa
Stable

Outlook

Garanti has reached a level of high overall compliance as well as a high level of compliance in all 4 distinct categories. The Bank successfully realizes the implementations in the Code to derive added value. By an overall assessment through the rating process, it is believed that the high compliance level of the Bank will be maintained during the 12 month monitoring period following the publication of the report. For this reason, the outlook for the Bank in this rating period to come has been determined as **"Stable"**.

2-Bank Overview

Türkiye Garanti Bankası A.Ş., established in 1946, is a large-scale deposit bank operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking. In addition to its major fields of activity, the Bank, through its numerous subsidiaries, provides related non-banking financial services in the fields of factoring, leasing, pensions, insurance, brokerage and asset management. In addition to its nationwide coverage network of 991 branches, the Bank has 6 foreign branches in Cyprus, 1 in Luxembourg and 1 in Malta as well as 3 international representative offices located in London, Düsseldorf and Shanghai.

As of FYE2013, Garanti Bankası A.Ş. was ranked as the second largest private bank in Turkey with a consolidated asset size of USD 104.5bn, equating to a market share of 12.57%. An integrated financial services Bank, it is subject to the regulations of the Banking Regulatory and Supervisory Authority (BRSA), the body responsible for regulation and oversight across the Turkish Banking Sector. The Bank provides a wide range of financial services to 12.9mn customers on an annual basis through a total workforce of over 19,000 located in every city across Turkey. The Bank's workforce is highly dynamic and well-educated with 86% of employees having a degree of undergraduate and above and receives on average 54hrs training per annum. Bank shares have been traded on the Borsa Istanbul (BIST) since 1990 with an actual free float rate of 49.93% as of September 30, 2014.

The Turkish Banking Sector currently consists of 50 banks of three types namely Deposit Banks, Development/Investment Banks, and Participation Banks. As of FYE2013, the sector enjoys the largest share among the wider Turkish financial services industry, having realized an asset size of USD 813bn (TRY 1,732bn) as of FYE2013. The aggregate number of branches across the sector was 11,986, generating an employment of 214,263 as of FYE2013.

As of FYE2013, Deposit Banks had the largest market share in the sector with a share of 90.41%, followed by

Participation Banks and Development/Investment Banks with shares of 5.55% and 4.05%, respectively. The 32 deposit banks had a network of 10,979 branches.

The structure of the sector remains largely oligopolistic with high levels of concentration observed with respect to asset, loan and deposit concentration. As such, the market share of the five leading players in the sector currently stands at over 50%. Competition throughout the sector is largely observed across the medium and smaller sized banking segment.

The sector as a whole exhibited successful growth rates that remained way above GDP growth over the past 5 years. The traditional drivers of growth in the sector had been deposit growth, increases in equity capital via the contribution of internal equity generation and rises in foreign borrowing. Despite the slowdown in the economy throughout 2013 driven by weaker domestic demand, the sector maintained its on-trend growth performance mainly through increases in local and foreign currency deposits and the greater use of debt/bond issuances.

As of December 2014, Garanti's ownership structure includes 2 majority shareholders; the Dogus Group with a share of 24.23% and BBVA (Banco Bilbao Vizcaya Argentaria S.A) with a share of 25.01%. The remaining 50.76% of shares are held by a variety of investors that includes domestic and foreign retail as well as foreign institutional investors across the globe. In addition, with an actual free-float rate of 49.93% as of September, 2014, the Bank also has the highest free-float rate on the BIST. Detailed shareholder information of Garanti Bank has been provided in the appendix.

However, Doğuş Group and BBVA have entered into a Share Purchase Agreement dated November 19, 2014 with respect to sale of shares of Garanti, which will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the Banking Regulatory and Supervisory Authority, the Capital Markets Board and the Competition Board. Following the completion of the share transfers, Doğuş Group's and BBVA's stake in Garanti will be respectively 10% and 39.9% of the share capital.

With regard to 3Q2014 financial statements, the Bank had a consolidated asset size of TRY240.8 bn, equity of TRY 25.7 bn and a net profit of TRY2.8 bn. Main balance sheet items and ratios indicating the Bank's performance have been exhibited in a table included within the appendix.

The Dogus Group, established in 1951 with an initial focus on the construction sector, is the largest local shareholder of the Bank. It is a large-scale conglomerate operating in

a number of sectors including financial services, automotive, construction, real estate, tourism, media, energy and food/drink with over 200 companies and more than 35,000 staff. The Group has been a pioneer of joint ventures with world-renowned brands including BBVA in financial services, Volkswagen AG in automotives, CNBC, MSNBC and Condcast in media and Hyatt International in tourism. Garanti was acquired by the Dogus Group in 1983. Mr. Ferit ŞAHENK is currently the Chairman of the Group.

The other largest shareholder of the Bank is the BBVA Group, a multi-national financial services Bank with origins dating back to 1857. The Group is headquartered in Bilbao, Spain and maintains operations in the fields of banking, insurance and asset management with an asset size of EUR 638bn, 7,362 branches and a workforce of 108,920 as of 3Q2014. The Group acquired shares corresponding to 24.89% of Garanti's share capital in FY2011 following a share purchase agreement with both Dogus Holding and GE (General Electric Group). Subsequently, BBVA acquired 503,160,000 shares of Garanti and increased its share capital to %25.01 in April 7, 2011. In November 2014, Doğuş Group and BBVA have entered into a Share Purchase Agreement. Following the completion of the share transfers, Doğuş Group's and BBVA's stake in Garanti will be respectively 10% and 39.9% of the share capital. Mr. Francisco GONZALEZ currently holds dual responsibility as the Group's Chief Executive Officer (CEO) and Chairman.

Resulting from its structure as an integrated financial services Bank with a wide network, the Bank has a large number of affiliates and subsidiaries. The major integrated affiliates of the Bank include Garanti Bank International N.V., Garantibank Moscow, Garanti Romania, Garanti Pension and Life, Garanti Securities, Garanti Asset Management, Garanti Leasing, Garanti Factoring, Garanti Payment Systems and Garanti Mortgage and Garanti Technology. A full list of the Bank's affiliates and subsidiaries with brief information therein is provided in an appendix to this report.

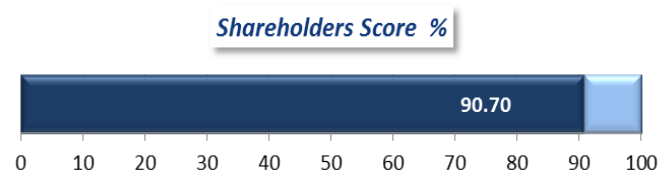
The Board of Directors of the Bank currently consists of 10 members. 3 board members are in the independent status. There are numerous committees established within the Bank including credit, assets and liabilities, remuneration, corporate governance, audit and various risk management committees. All committee members are highly educated and pursue managerial positions in their field of expertise of more than 20 years.

3- Shareholders

Through the analysis of the data gathered during rating process, the compliance level of Garanti in the

Shareholders section and the corresponding levels within the JCR Eurasia Rating's notation have been determined as follows;

- Numerical value is **9.07**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**),



Shareholders Results
9.07
AA (Trk)/aa
Stable

Compliances, non-compliances and aspects to be improved by Garanti within the rules and implementations in the Shareholders section are summarized in the table below:

Synopsis Table (Shareholders)	
No	Plug-Compatible
1	Appropriate briefing of current and potential shareholders and the Presence of two functional departments to facilitate them in the use of their rights
2	The Annual General Meetings (AGM) are held with a high level of Compliance with the Code with substantial rates of attendance
3	The absence of privileges on the Bank's shares
4	The bank's presence in the BIST Dividend Index owing to the Consistency of profit distribution in the last few years
5	The utilization of the Bank's website as an effective platform in the Appropriate briefing of shareholders
6	The absence of intra-bank regulations restricting the transfer of shares

No	Not Compatible
1	Absence of any clause in the articles of association expanding minority rights greater than stated in current regulations along with the entitlement of these rights for shareholders holding greater than 5% of shares.
No	Partially Compatible
1	Despite the absence of clauses in the articles of association regarding the invitation of stakeholders and the media to the AGMs regardless of their right to express an opinion stakeholders are invited to join the annual general shareholder meetings without the right to speak.

The Shareholders section is composed of 7 subsections. The compliance level of the Bank with and the activities conducted for the standards under these subsections are detailed below:

3.1- Simplifying Exercise of Shareholding Rights

Garanti established two departments related to shareholding rights: the Investor Relations Department and Tax Operations Management Department-the Shareholders and Subsidiaries Service. The Investor Relations Department is managed by Ms. Handan Saygin and performs its relations with shareholders, potential investors, investment firms and rating agencies with an expert staff of 7. The Tax Operations Management Department–Shareholders and Subsidiaries Service, managed by Mr. Ömer Çirkin, facilitates the exercise of existing shareholder rights and organizes general shareholder meetings with an expert staff of 3.

The functions of Investor Relations at Garanti Bank have been executed by Investor Relations Department and Tax Management Department-Shareholders and Subsidiaries Service. Mr. Aydın Şenel, Executive Vice President for Purchasing and Tax Management, attends the Corporate Governance Committee as 'Director of Investor Relations' and 'Member of Corporate Governance Committee' and Ms. Handan Saygin attends the Corporate Governance Committee meetings as 'Senior Vice President of Investor Relations'.

The operating procedures regarding tasks and delegations of the departments are put into writing and known by the staff. The necessary equipment and office space have been provided to both departments.

Reasonable questions by current and potential investors are replied to by the department staff via phone or email. Relations with the CRA are conducted by Shareholders and Subsidiaries Service and the shares in circulation are closely followed up.

Meetings and presentations particularly aimed at institutional investors are also arranged by the investor relations department supported by top level managers. In

2013, the department attended 35 national and international investor conferences, held one-to-one meetings with 863 international investment funds and due diligence meetings with 4 rating agencies and conducted 4 live earnings webcasts/teleconferences.

3.2- Rights to Information and Examination

The shareholders and potential investors are provided with all of the necessary information and documents by the well-organized Investor Relations Department and Shareholders and Subsidiaries Service via the web site, phone or email. Through this flow of information, no evidence of discrimination among shareholders was observed. Within the internal regulations of the Bank, there are no exercises restricting the shareholders' rights. Additionally, there has been no revocatory action in the last 4 years against the general meeting resolutions by the shareholders.

The shareholders have the right to demand the appointment of an independent auditor to investigate a special case as an individual right according to the Turkish Commercial Code. However, there so far there has been no utilization of this right.

3.3- Right of Access to General Shareholders Meeting

The general meetings of the Bank are organized by the Shareholders and Subsidiaries Service. The ordinary general meeting of 2013 was held on April 03, 2014 at 10:00a.m., at the address of Levent, Nispetiye Mahallesi, Aytar Caddesi No:2 34340 Beşiktaş-İSTANBUL. It can be stated that this meeting was held in compliance with legislation and Corporate Governance Principles.

The shareholders have been able to remotely participate in the general meeting via e-GEM (Electronic General Meeting).

The shareholders are invited to the general meetings of shareholders at least three weeks prior to the date of the meeting, excluding the announcement and the meeting dates, through announcements on two national newspapers, the trade registry gazette, the Public Disclosure Platform (PDP) and the Bank's website. The invitation text contains a detailed document depicting shareholder participation process and agenda. Financial statements, annual report, amendments to the articles of association, current and to-be-amended texts of the related clauses and other relevant documents with the agenda are disclosed to the public via the website, the PDP and the CRA 3 weeks prior to the day of the meeting.

Meetings are held in a hall large enough to host all participating shareholders in the headquarters of the Bank. Following the presentation by the General Manager, the

agenda items are individually discussed, each shareholder has the opportunity to speak and their proposals and queries are answered by related parties. Agenda items are individually voted and votes are counted and placed on the minutes before the end of the meeting. Moreover, the dissenting opinions by the shareholders are included in the minutes.

Such documents as invitation, meeting agenda, list of attendants, minutes and other relevant documents are placed on the official website of the Bank, the PDP and the CRA within a reasonable timeframe in both Turkish and English.

On the other hand, there is no provision in the articles of association to invite stakeholders and media to meetings without any right to speak. But such practice in Turkey is very rare. Furthermore, stakeholders are invited to join the annual general shareholder meetings without the right to speak.

3.4- Voting Rights

There are no privileges on the Bank's shares and the rule of one-share-one-vote is applied. The voting rights stem from the possession of shares and voting rights may be exercised both by the shareholders themselves or their proxies. Proxy forms are made available to the shareholders both on the website and on the invitations.

The Investor Relations Department and Shareholders and Subsidiaries Service mobilize all facilities for all shareholders to exercise their voting rights. The guide describing how to participate in the general meetings and how to vote is placed on the website.

As a result, Garanti fully complies with the rules and implementations in this subsection.

3.5- Minority Rights

Shareholders with more than 5% shares according to the Turkish Commercial Code are entitled to minority rights. The recognition of minority rights to all shareholders beyond the current legislation was recommended by the CMB Code. However, publicly traded companies have not shown any action to date in this regard. There are no clauses in the articles of association of the Bank to broaden the exercise of minority rights beyond the current legislation. However, despite this non-compliance, the Bank is committed to respect all minority rights of the shareholders within the legislation and until now there is no evidence of violations against minority rights.

3.6- Dividend Rights

Garanti has a disclosed dividend distribution policy that fully complies with CMB principles and was approved by the shareholders in the general meeting.

No shareholder has any privilege in terms of dividend rights. The Board of Directors' proposal of dividend distribution is approved by the shareholders in the general meeting. The retained amounts of profits are transferred to extraordinary reserves by disclosing the grounds for the action and its uses. The Dividend Distribution Table of recent years can be easily reached through the Bank's website.

The Bank realized a net profit of TL3,005,560,309 in 2013 and the decision to distribute TL425,000,000 as cash to shareholders was made in the general meeting on April 03, 2014. The dividend distribution table was disclosed to the public via the Bank's website and the PDP following the general meeting.

The Bank is entitled to be included in the BIST Dividend Index.

3.7- Share Transfer

There is no provision in the articles of association to act as a hindrance on the transfer of shares. However, according to the Banking Law, share transfers of banks operating in Turkey are subject to approval by BRSA. All share transfers without this approval will be null and void and the transferee may not exercise any shareholding right other than the dividend right. This condition is valid for all Turkish banks. Hence, the Bank is evaluated as fully compliant in this subsection.

Outlook

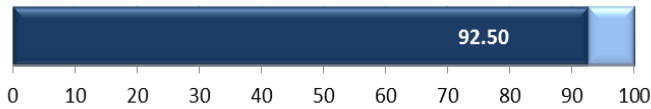
JCR Eurasia Rating is of the opinion that during the monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Shareholders field. For this reason, the outlook for this section has been determined as "**Stable**".

4- Public Disclosure and Transparency

This section focuses on the disclosure of information and documents needed by shareholders and stakeholders while protecting trade secrets. The Bank's level in this field and their corresponding notes are outlined below;

- Numerical value of **9.25**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**)

Public Disclosures and Transparency Score %



Public Disclosures and Transparency Results

9.25

AAA (Trk)/aa

Stable

The Bank's compliance and non-compliance within the rules and implementations in the Public Disclosures and Transparency section are summarized in the table below:

Synopsis Table (Pub. Discl. & Transparency)	
No	Compatible
1	Detailed disclosure policy
2	Timely disclosures on the PDP take place in Turkish and English
3	Utilization of the Bank's website as an effective and transparent platform in both Turkish and English
4	High-security IT infrastructure protecting the Bank's and its stakeholders' trade secrets
5	Publication of an annual report of a high level of compliance with Corporate Governance Principles and furthermore themed around environmental concepts raising awareness

The Public Disclosures & Transparency section is composed of 2 subsections. The compliance level of Bank and the activities conducted for the standards under these subsections are detailed below:

4.1- Web Site

The Bank's websites, www.garanti.com.tr and www.garantiinvestorrelations.com, are a very good transparency platform and is kept up-to-date to provide important information about the Bank to its investors and stakeholders in Turkish and English. The websites contain:

- ✓ Trade registry information

- ✓ Articles of association
- ✓ Information about the Bank and the Banking Sector
- ✓ Annual and interim audit reports
- ✓ Rating reports
- ✓ General shareholder meeting documents; invitations, meeting minutes, list of attendees, proxy voting form etc.
- ✓ Board members and top managers' CVs
- ✓ Bank policies; dividend, disclosure, code of conduct, remuneration, risk, human resource, social responsibility and donations
- ✓ Contact information

The Bank's controlling shareholders are the Dogus Group and BBVA (Banco Bilbao Vizcaya Argentaria S.A). In the new shareholding structure, pursuant the approval of the Share Purchase Agreement between Doğuş Group and BBVA on November 19, 2014 by the relevant authorities, there are no ultimate individual shareholders who own shares of more than 5%.

4.2- Annual Report

The Bank regularly publishes an annual report about its activities in the completed financial period which is disclosed on the website. This report was prepared with a high level of compliance with the code.

Outlook

JCR Eurasia Rating is of the opinion that the Bank will maintain its level of compliance with the Code in the field of Public Disclosure and Transparency during the upcoming monitoring period. For this reason, the Outlook for this section has been determined as "**Stable**".

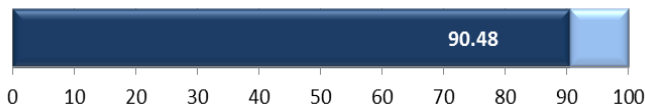
5- Stakeholders

With the exception of upper-level managers, an institution's employees, customers, suppliers, creditors, public authorities and the public in general are considered to be stakeholders. The rules and practices in this main section primarily aim to secure the rights of stakeholders and to facilitate exercise of their rights, thus to maximize their contributions to the institution.

Through the analyses of JCR Eurasia Rating's original methodology, the compliance level of the Bank's practices in the field of stakeholders with corporate governance principles has been determined as below:

- Numerical value is **9.05**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**)

Stakeholders Score %



Stakeholders Results	
9.05	
AAA(Trk)/aa	
Stable	

Compliances, non-compliances and aspects to be improved by Garanti within the rules and implementations in the Stakeholders section are summarized in the table below:

Synopsis Table-(Stakeholders)	
No	Plug-Compatible
1	A modern and up-to-date human resources policy along with the adoption of highly compliant practices
2	A high level of commitment to the Bank by its personnel
3	Providing the personnel with high quality professional and personal development opportunities
4	Establishment of three distinct departments to deal with customer inquiries and increase their commitment
5	Public disclosure of detailed ethical rules
6	Transparent level of support for many projects creating societal value in the field of Corporate Social Responsibility
No	Partially Compatible
1	The number of practices involving stakeholders, principally employees in decision-making mechanisms, can be increased
2	It has been declared that, the union is action and collective bargaining rights of personnel, which are constitutional rights, are respected, and all workers of the Bank act on their free will in regard to trade union membership. There are no labour unions formed by the personnel.

The stakeholders section is composed of 5 subsections. The compliance level of the Bank with and the activities conducted for the standards under these subsections are detailed below:

5.1- Bank's Stakeholders Policy

Garanti operates in a sector with a high level of regulatory oversight and supervision. As such, the framework of contracts made with various stakeholders including customers, loan providers and other suppliers have been determined in accordance with the relevant regulations.

Garanti sets policies for each stakeholder group in line with the regulatory framework and provides sufficient information on its website regarding this matter. In addition, framework contracts have been formed with each stakeholder group. The relationships with stakeholders are conducted in accordance with the terms set out in these agreements and regulations. Throughout the rating process it has been revealed by the legal affairs department that there were no significant abuses of right in the last two years due to the violation of regulatory framework. It must be noted that the number of legal cases that resulted in favor of Garanti has outstripped those that resulted against it and court decisions were put into practice immediately in the few cases where the result was against Garanti.

Many appropriate communication channels have been formed by the Board of Directors with the purpose of conducting activities found to be illegal and unethical to the Audit Committee. Its instruction on how this channel will be used has been disclosed to the public on the Bank's website.

In the resolution of conflicts of interest and disputes arising between the various stakeholder groups, it is believed that the Bank's Board of Directors conducts its role of a moderator at a good level to solve problems through settlement without resorting to the courts.

5.2- Supporting the Stakeholders to the Participation in the Governance by the Bank

There is no member representing stakeholders in the Bank's Board of Directors. However, there is also no private sector organization in Turkey performing such a practice. The most common practice on this issue is to obtain stakeholders' ideas in making decisions concerning them. Garanti has developed many systems to include stakeholders in decision-making processes. The ideas of employees in particular are collected via intranet, surveys or meetings and taken into account in the decision-making process. Opinions of customers and other stakeholder groups are collected via phone and e-mail and then evaluated.

As a result, it has been determined that senior management spends considerable effort to include the views of stakeholders, primarily employees, in decision making processes.

5.3- Bank's Human Resources Policy

Garanti has established a separate Human Resources Department and implemented contemporary practices based on a comprehensive human resources policy. All activities of the Bank related to human resources are maintained by this department, which is equipped with

sufficient personnel and resources. Recruitment, assignment, promotion and dismissal are carried out by its human resources experts according to the written rules.

New successful university graduates are recruited through a variety of examinations and employed in the appropriate positions in line with their capabilities. 57 new graduates joined Garanti under the Management Trainee Program, and 42 others under the Assistant Auditors Program in 2013.

The Bank collated a Performance Evaluation System covering all personnel. The financial rewards and promotions are carried out in accordance with the level of success measured against this system. In addition, personal evaluations are undertaken once a year in line with the 360 degree performance appraisal.

Briefing on the performance appraisal criteria and other matter relating to the Bank's personnel is carried out in an effective manner via internal communication channels. As an example, its 'Career Maps' are announced publicly and staff are provided with appropriate support to determine their own career path and long-term development.

During the rating process, there was no evidence of discrimination against Bank employees. There were no significant court cases brought against the Bank by its employees. The decisions of court cases are met with no delay. Taking into consideration its large scale, it has been determined that the number and subject of legal cases did not result in significant violation of the law.

The Bank established an Occupational Health and Safety Department in 2013. It informs personnel on the issues of health and security in the workplace in accordance with an appropriate plan, with measures that have been put in place to prevent possible accidents and provide preventive health advice. It has been projected that works in this field will cover all personnel and working spaces of the Bank until 2016.

We have reached the opinion that the Bank took the necessary set of measures in order to ensure a secure working environment for all personnel located in its headquarters and branches.

Garanti Bank has been declared that it respects the unionization and collective bargaining rights of personnel, which are constitutional rights, and its workers act on their free will in regard to trade union membership. There are no labour unions formed by the 19.201 personnel of the Bank as of September 30, 2014.

5.4- Relations with Creditors, Depositors, Customers and Suppliers

In order to ensure effectiveness in the field of customer satisfaction, Garanti established three departments; "Customer Satisfaction Management Department", "Customer Relationship Management Department" and a "Call Center". For the financial services offered to its customers, Garanti gives priority to customer satisfaction and does its best to resolve their problems and complaints.

Through the work of the above-stated divisions, the Bank aims to maintain the services provided at a set level of quality, resolve customer issues with minimal delay and increase customer loyalty. The high level of service quality in this field was proven further by the ISO 10002:2004 Complaint Management System Certificate issued by the British Standards Institution on an annual basis.

The Bank's call center employs over 1,000 personnel to deal with various inquiries coming from customers. As of FY2013, the call center is ranked first in the sector with 65 million customer inquiries and a call response performance at the rate 98%.

The Bank manages its relationships with service providers in accordance with service contracts.

It is understood that all obligations in contracts signed with customers and suppliers have been met by the Bank. Through interviews conducted in the Legal Service Department, it has been established that there were no significant legal cases brought against the Bank by its service providers. However, there were some ongoing cases by the customers. When taking into consideration the scale of the Bank, the cases that resulted against the Bank mainly stemmed from the very nature of the Bank's operational activities rather than inappropriate corporate governance practices.

The meetings held with the managers of the information technology department revealed that the Bank had taken the necessary measures to safeguard the trade information belonging to its clients and service providers and treat them as bank secrets.

5.5- Code of Ethics and Corporate Social Responsibility

Garanti has a comprehensive set of ethical rules disclosed to the public. All staff is required to comply with these rules. If an investigation determines that these are not complied with, sanctions decided by the disciplinary committee are applied. The Head Office is responsible for the implementation of ethical principles.

In the field of Corporate Social Responsibility, Garanti lends generous support to a variety of cultural, sportive and artistic activity by raising sponsorship. The related sponsorships are announced publicly on the Bank's website

to ensure transparency. The aggregate amount of donations by the Bank amounted to TL 18mn, which has been presented to its shareholders in the Annual General Meeting.

The Bank established a 'Sustainability Committee' consisting of executive managers chaired by a Board member. The sustainability report covering the years 2011 and 2012 has been disclosed to the public with the new report is expected to be released in the upcoming period.

The Bank's management undertakes Environmental and Social Impact Assessment for all major projects and provides no financing for those that do not comply with the necessary standards. The Bank collaborates with customers regarding the management of possible risks for all projects whose value exceed a stated threshold level.

In August 2014, the Bank was the first bank to be awarded with a 'Green Office' certificate from the Worldwide Wild Fund as part of sustainability initiatives to increase energy productivity and combat climate change.

The Bank, which a signatory of the UN Global Compact, was presented with the "Best Turkish Bank in Sustainability" award by World Finans and "Best European Bank in Sustainability" award by the IAIR Magazine in 2013.

Outlook

JCR Eurasia Rating is of the opinion that during the following monitoring period the Bank will maintain its level of compliance with the code in the Stakeholders field. For this reason, the Outlook for this section has been determined as "**Stable**".

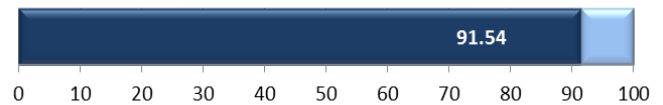
6- Board of Directors

Content of this section consists of the board functions, qualifications, duties, powers and responsibilities of its members and senior management, and rules and practices related to systems established for effective supervision and control.

Through the analyses of JCR Eurasia Rating's original methodology, the compliance level of the Bank's practices in the field of Board of Directors to Corporate Governance Principles has been determined as below:

- Numerical value is **9.15**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree **(aa)** representing the category of "**Superior**",
- Outlook (**Stable**)

Board of Directors Score %



Board of Directors Results

9.15

AAA(Trk)/aa

Stable

Garanti's compliances, non-compliances and aspects to be improved by Garanti for full compliance to the rules and implementations in the Board of Directors section are summarized in the table below:

Synopsis Table-(Board of Directors)

No	Plug-Compatible
1	Clearly defined vision, mission and principal targets together with sound strategic planning
2	Effective Board of Directors comprised of highly qualified, educated and experienced members
3	Presence of an effective secretariat serving the Board
4	Incentive system based on performance evaluation of the board members
5	Detailed and well-functioning internal control system
6	A sound technical and human resources infrastructure established in the risk management field that has effective execution capabilities .
7	The effective functioning of internal audit activity via a well-organized Audit board.
8	The presence of highly effective Audit and Corporate Governance Committees under the Board.
9	The coverage of all Board members and executive managers under a Professional Liability Insurance
No	Partially Compatible
1	Although total compensation for all Board members and senior managers are stated, no details are given on a personal basis

The Board of Directors section is composed of 6 subsections. The Bank's compliance level to and activities conducts in line with the standards under these subsections are detailed below:

6.1- Basic Functions of the Board

Garanti established a Strategic Planning Department. The Bank's vision and mission is set by this department and is approved by the Board and disclosed to the public. The basic strategies to realize the vision have also been set by the department and have been approved by the Board.

The Board of Directors aims to successfully perform the three basic functions of leadership, oversight and arbitration. The Board performs the oversight function through the committees formed within the Bank. Committees of credit, remuneration and corporate governance as well as the audit committee and various committees for risk management enable the Board to supervise the Bank as a whole. These committees carry out their activities in accordance with written working principles, produce regular reports and submit them to the Board of Directors. It has also been determined that the Board performs its independent arbitration role with success for the resolution of disputes and conflicts of interest of stakeholders among themselves and with the Bank.

6.2- Working Principles of the Board Directors

The duties and responsibilities of the Board of Directors are specified in the Articles of Association and the Board carries out its activities in accordance with the written working principles. The responsibilities of each member were defined and presented to the public via the website and the annual report. A secretariat that only serves the Board of Directors has been established. The secretariat facilitates the communication with members, organizes meetings, delivers the meeting agendas, irrelevant information and detailed documents to the members in reasonable time prior to the meeting and archives related documents.

Garanti established a comprehensive internal control system covering the entire spectrum of banking activities and provided the necessary technical and human resources infrastructure for its effective operation. For risk management, separate departments and committees have been formed for the management of market, credit, liquidity and operational risks. It has been reported that activities revolving around the internal control system and risk management function are reviewed annually and revised accordingly on a regular basis. The Bank also established a separate Compliance Department in order to ensure a high degree of compliance with the appropriate regulations.

The internal audit functions of the Bank are performed by the well-organized Internal Audit Department. Based on interviews conducted with the department's senior managers, it has been identified that the internal audit system and the activities of the Internal Audit Department are at a very high level of quality. The Internal Audit Department reports its activities to the non-executive Audit Committee regularly.

The roles of Chairman of the Board of Directors and Chief Executive Officer are carried out by different individuals with clearly defined set of duties and responsibilities. All members of the Board and executive managers have been covered under Professional Liability Insurance.

6.3- Structure of the Board of Directors

The Board of Directors is comprised of 10 members. Considering sector averages, the number of members has been evaluated as adequate. The Board does not have any executive members except the Chief Executive Officer.

It has been determined that all the members meet the qualifications expressed in the principles. As can be seen on the resumes that can be found on the website, the members possess the necessary qualifications in terms of education, professional and managerial experience. It must be further pointed out that members of the Audit Committee have related experience in finance sector as put forth in the Principles. It has been reported that the Bank organizes an introductory program for new board members and assist them in getting acquainted with all aspects of the Bank.

There is only one female member currently sitting on the Board. However, the Bank is expected to increase the number of female members in the near future in order to meet the suggested 25% female ratio mentioned in the Principles. Furthermore, there are 3 independent members on the Board. Ms. Sema Yurdum, meeting all the independence criteria of the Code, was elected at the 2013 general meeting as an independent Board Member. The other two independent members, Mr. Cüneyt Sezgin Ph. D. and Mr. Manuel Pedro Galatas Sanchez-Harguindey, are accepted as independent members in accordance with the Communiqué II-17.1.

6.4- Rules of the Board Meetings

Board meetings, the working principles of which have been laid out in a written form, are held on a monthly basis at minimum and members can gather at any time if required. It has been identified that all members attend the meetings with few reasonable exceptions. Meeting and decision quorums have been written in the articles of association. Meetings take place with the attendance of minimum seven members and decisions are made with at least seven affirmative votes.

The meeting agenda is determined by the Bank's management. Members have the right to propose items to the agenda. At the meeting, all items are discussed where Board members may express their opinions and then are voted separately according to democratic rules. There are no preferential rights on votes and each member has only one vote. A casebook is maintained properly, regularly and compliant with the legislation and archived by the Board secretariat.

There are no limitations in place for Board members to carry out external duties according to the internal

regulations. Although some Board members have external duties, it has been content that they all allocate reasonable time for the Bank. The external duties carried out by the members are submitted to public via the website, by distinguishing either such corporation is within the group or outside the group.

The Board complies with the Code and related laws in terms of the related party transactions' decisions.

6.5- The Committees within the Scope of the Board

Committees operating in the scope of the Board are; Credit, Audit, Corporate Governance and Remuneration committees. Furthermore, Liquidity Risk Management, Credit Risk, Market Risk and Operational Risk Committees have been established under the scope of risk management activities. In addition to the mentioned committees, there are other committees with the attendance of the Board members and/or Bank's management.

In accordance with the Corporate Governance Communique, the Audit Committee consists of two independent Boards members has been identified in the meeting held with the chairman of the committee that the definitions of rules and responsibility, working principles and activities of the committee are in accordance with the Principles.

In accordance with the banking sector regulations, the duties of the Committee for Early Risk Detection are carried out by other mechanisms. Risk management activities in the Bank are in full compliance with applicable legislation, carried out by an organizational structure which is independent of the executive functions and connected directly to the Board of Directors. Information flow regarding risks and actions regarding risk management within the Bank are ensured through various committees.

The Corporate Governance Committee consists of four members, three of which are independent Board members. The functions of Investor Relations have been executed by Investor Relations Department and Tax Management Department-Shareholders/Subsidiaries Service. Aydın Şenel, Executive Vice President for Purchasing and Tax Management, attends the Corporate Governance Committee as 'Director of Investor Relations' and 'Member of Corporate Governance Committee' and Handan Saygın attends the Corporate Governance Committee meetings as 'Senior Vice President of Investor Relations'.

Due to the inexistence of the Nomination Committee under the Board, the functions of this committee are assigned to the Corporate Governance Committee. Full compliance with the Principles has been determined based on the working principles, definitions of authority and responsibility and activities executed.

6.6- Financial Rights Provided to the Board Members and Executives

Garanti has a remuneration policy approved by the shareholders and a Remuneration Committee has been established within the Board of Directors. This committee complies with the Code regarding definition of duties, working principles and its activities;

There are no commercial and financial relationships between the Bank and the Board members other than their remuneration.

The Bank does not lend loans to Board members and senior executives, other than the grant of credits and credit cards within the legal limits.

It has been declared that the Bank has a performance assessment system for the Board members that is in line with the European Union's recommended system. The determination of the remuneration is defined as a result of the corresponding evaluation. It should be noted that this is not a common practice in Turkey and the application of Garanti is exceptional.

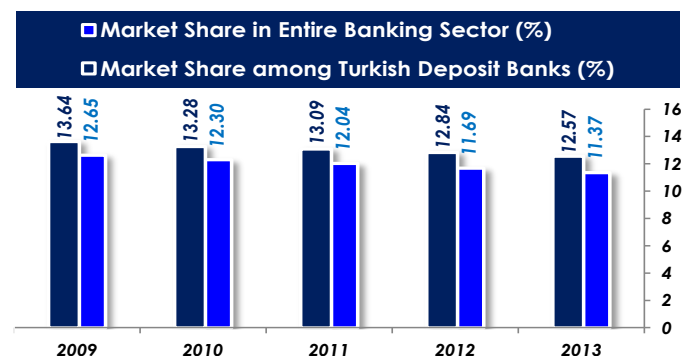
On the other hand, although the total of Board members' and top managers' remunerations are disclosed to public, the lack of disclosure on an individual level creates incompliance with the Principles.

Outlook

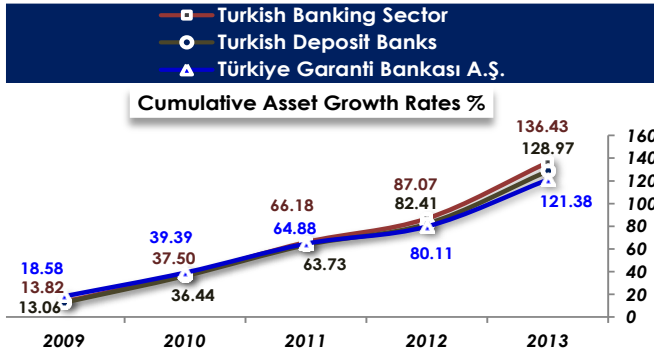
JCR Eurasia Rating is of the opinion that during the following monitoring period the Bank will maintain its level of compliance with the code in the Board of Directors field. For this reason, the Outlook for this section has been determined as "Stable".

7-Financial Efficiency

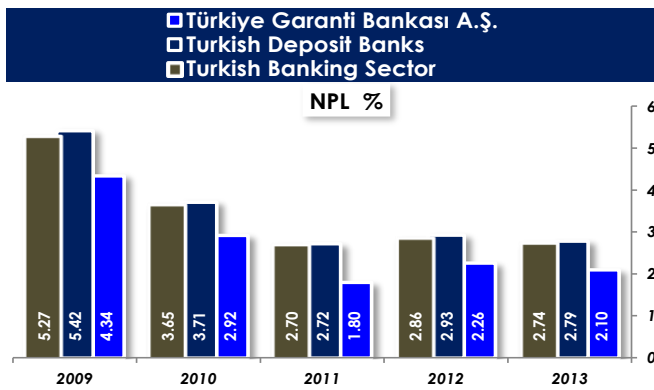
Garanti's market share figures of total asset with regard to both the entire banking system and Turkish deposit banks for 5 years is shown in the graph below:



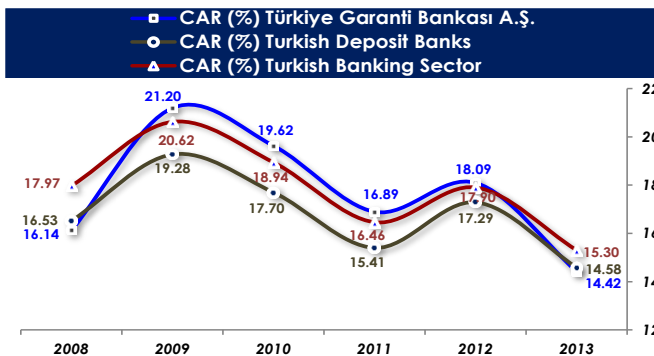
Within this period, the Bank's cumulative asset growth performance fared slightly below sector averages after 2011.



"The non-performing loans ratio of the Bank at the end of FY2013 improved further to 2.10% from 2.26% on a bank-only basis. The NPL ratios of the Bank remained below the sector averages for the last eight years."



Garanti's unconsolidated Capital Adequacy Ratio of 14.42% in FY2013 fared below sector average. Still, this ratio is above the minimum CAR requirement of 12% recommended by BRSA.



During the last five years, the Bank performed above the sector average in terms of Return on Average Assets (ROAA) and Return on Average Equity (ROAE) still followed a downward path parallel to the sector.



In conclusion, Garanti's financials are adequate to exceedingly contribute to the sustainability and even improvement of the Bank's compliance level with the corporate governance principles.

TABLE:1
SHAREHOLDING STRUCTURE

Paid Capital	Years	2010	2011	2012	2013	October,2014
	TL bn	4.200	4.200	4.200	4.200	4.200
Shareholders						Share %
DOGUS GROUP		30.5158	24.2256	24.2256	24.2256	24.2256*
GE CAPITAL CORP.		19.8503	-	-	-	-
GE ARAŞTIRMA VE MÜŞAVİRLİK LTD. ŞTİ.		1.0000	-	-	-	-
BANCO BILBAO VIZCAYA ARGENTARIA S. A.		-	25.0100	25.0100	25.0100	25.0100*
OTHER SHAREHOLDERS		48.6339	50.7644	50.7644	50.7644	50.7644
Total		100.00	100.00	100.00	100.00	100.00

* Per disclosure on November 19, 2014; Doğuş Group and BBVA have entered into a Share Purchase Agreement dated November 19, 2014 with respect to sale of shares of Garanti, which will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the Banking Regulatory and Supervisory Authority, the Capital Markets Board and the Competition Board. Following the completion of the share transfers, Doğuş Group's and BBVA's stake in Garanti will be respectively 10% and 39.9% of the share capital.

Table: 2
SUBSIDIARIES as of October 2014

Consolidated Subsidiaries	Head Quarters	Fields Of Activities	Interest Share %	Acquisition Date
GARANTIBANK INTERNATIONAL N.V.	Netherlands	Banking	100	1990
GARANTIBANK MOSCOW	Russia	Banking	99.94	1996
GARANTI HOLDING BV	Netherlands	Financial Services	100	2010
GARANTİ EMEKLİLİK VE HAYAT A.Ş.	Turkey	Insurance, Pension	84.91	1998
GARANTİ FİNANSAL KİRALAMA A. Ş.	Turkey	Leasing	99.96	1990
GARANTİ FAKTÖRİNG HİZMETLERİ A. Ş.	Turkey	Factoring	81.84	1990
GARANTİ YATIRIM MEKUL KIYMETLER A. Ş.	Turkey	Securities Brokerage	100	1991
GARANTİ PORTFÖY YÖNETİM A. Ş.	Turkey	Portfolio Management	100	1997
GARANTİ BİLİŞİM TEKNOLOJİSİ VE TİC. T. A. Ş.	Turkey	Technology Services	100	1958
GARANTİ ÖDEME SİSTEMLERİ A. Ş.	Turkey	Consultancy	99.92	1999
GARANTİ HİZMET YÖNETİM A. Ş.	Turkey	Operational Services	93.40	2000
GARANTİ KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ A. Ş.	Turkey	Consultancy	100	2007
GARANTİ KÜLTÜR A. Ş.	Turkey	Culture and Art Services	100	2001

Table: 3
TÜRKİYE GARANTİ BANKASI A.Ş.

Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (USD mn)	102,706	100,852	86,938	89,344	77,589
Total Assets (TRY mn)	217,736	177,500	162,139	135,803	115,608
Total Deposit (TRY mn)	119,194	97,775	93,236	79,104	68,781
Total Net Loans (TRY mn)	131,315	102,260	92,654	71,092	54,765
Equity (TRY mn)	23,475	21,922	18,150	16,873	13,836
Net Profit (TRY mn)	3,596	3,390	3,398	3,432	3,095
Market Share (%) **	12.57	12.84	13.09	13.28	13.64
ROAA (%)	2.28	2.52	2.87	3.42	3.68
ROAE (%)	19.85	21.37	24.42	27.99	33.11
Equity/Assets (%)	10.78	12.36	11.18	12.42	11.97
CAR-Capital Adequacy Ratio (%) **	14.42	18.09	16.89	19.62	21.20
Asset Growth Rate (Annual) (%)	22.67	9.47	19.39	17.47	17.74

*End of year **On solo basis among the deposit banks

TABLE: 3
BOARD OF DIRECTORS

Name	Task	Profession	Date Elected	Experience (Year)	Education	Executive/Non Executive	Independent/Not Independent	Committee Membership
Ferit ŞAHENK	Chairman	Businessman	18.04.2001	24	BSc/BA	Non Executive	Not Independent	Remuneration Committee
Süleyman SÖZEN	Vice -President	Chartered Accountant	08.07.2003	32	BSc/BA	Executive	Not Independent	
Ahmet Kamil ESİRTGEN	Member	Manager	19.03.1992	40	PhD	Executive	Not Independent	
M. Cüneyt SEZGİN	Member	Banker	30.06.2004	26	PhD	Non Executive	Independent	Audit Committee, Corp.Gov. Committee
Angel Cano FERNÁNDEZ	Member	Banker	22.03.2011	29	BSc/BA	Executive	Not Independent	
Jaime Saenz de Tejada PULIDO	Member	Banker	02.10.2014	20	BSc/BA	Executive	Not Independent	
Manuel Castro ALADRO	Member	Banker	22.03.2011	22	Masters	Executive	Not Independent	
Manuel Pedro Galatas SANCHEZ-HARGUINDEY	Member	Banker	05.05.2011	30	BSc/BA	Non Executive	Independent	Audit Committee, Corp.Gov. Committee
Sema YURDUM	Member	Banker	30.04.2013	26	BSc/BA	Non Executive	Independent	Corp. Gov. Committee
Ergun ÖZEN	Member Chief Executive Officer	Banker	14.05.2003	27	BSc/BA	Executive	Not Independent	