




**Corporate Governance  
Revised Rating Report**

**BANKING**

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

		<b>9.20</b> AAATrk/aa (Positive)
Corporate Governance Score & Outlook	Shareholders	<b>9.07</b> AAA(Trk)/aa (Stable)
	Public Disclosure & Transparency	<b>9.25</b> AAA(Trk)/aa (Stable)
	Stakeholders	<b>9.23</b> AAA(Trk)/aa (Stable)
	Board of Directors	<b>9.25</b> AAA(Trk)/aa (Positive)

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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. Ali Fuat ERBİL
Investor Relations	Phone: +90.212.318.23.52 <a href="mailto:investorrelations@garanti.com.tr">investorrelations@garanti.com.tr</a>
Web	<a href="http://www.garanti.com.tr">www.garanti.com.tr</a> <a href="http://www.garantiinvestorrelations.com">www.garantiinvestorrelations.com</a>
Investor Relations (SVP)	Ms. Handan SAYGIN

TÜRKİYE GARANTİ BANKASI A. Ş.						
Financial Data	9M2015	2014*	2013*	2012*	2011*	2010*
Total Assets (USD mn)	95,392	105,817	102,706	100,852	86,542	89,344
Total Assets (TRY mn)	288,571	243,907	217,736	177,500	161,401	135,803
Total Deposit (TRY mn)	165,642	133,407	119,194	97,775	93,236	79,104
Total Net Loans (TRY mn)	177,418	148,081	131,315	102,260	92,654	71,092
Equity (TRY mn)	29,048	27,256	23,475	21,938	18,120	16,873
Net Profit (TRY mn)	2,888	3,846	3,529	3,393	3,398	3,432
Asset Market Share (%) **	12.04	12.16	12.61	12.84	13.09	13.28
ROAA (%)	N.A	2.11	2.24	2.53	2.87	3.42
ROAE (%)	N.A	19.24	19.48	21.37	24.42	27.99
Equity/Assets (%)	10.07	11.17	10.78	12.36	11.23	12.42
CAR-Capital Adequacy Ratio (%)**	13.83	15.23	14.42	18.09	16.89	19.62
Asset Growth Rate (%)	18.31	12.02	22.67	9.97	18.85	17.47

Based on IFRS financials \*End of year \*\* Based on BRSA unconsolidated financials, market shares among deposit banks

**Overview**

Türkiye Garanti Bankası A.Ş. (Garanti or Bank), {credit ratings by JCR Eurasia Rating on May 20, 2015: [FC: BBB/BBB+ Stable, LC: AAA(Trk)/(A-1+)(Trk) Stable]} was established in 1946. A large-scale deposit bank, Garanti carries out activities in every segment of the banking sector, including corporate, commercial, SME, payment systems, retail, private and investment banking services. In addition to its major fields of activity, , through its numerous subsidiaries the Bank provides related non-banking financial services in the field of factoring, leasing, pensions, insurance, brokerage and asset management. Alongside its nationwide coverage network of 998 branches, the Bank has 7 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 2015, Garanti's ownership structure was comprised of two majority shareholders, the Dogus Group with a share of 10.0002% and BBVA (Banco Bilbao Vizcaya Argentaria S.A) with a share of 39.9000%. The remaining 50.09998% of shares are held by a variety of investors that includes domestic and foreign retail along with foreign institutional investors across the globe. Bank shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 50.02% as of September 30, 2015.

The Board of the Bank consists of 10 members, only the CEO pursues an executive position. 3 board members are in the independent status. Audit, Corporate Governance, Risk and Remuneration Committees were established within the scope of the Board of Directors.

**Strengths**

- The only Turkish company in the Dow Jones Sustainability Index
- Effective activities in the field of Occupational Health and Safety
- Presence of two functional departments to inform present and potential shareholders 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

**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 per-person remuneration of the top managers and the board members

**Publication Date: December 10, 2015**

**"Global Knowledge supported by Local Experience"**

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## 1- Rating Methodology and Executive Summary

This revised report has been 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 2015.

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](http://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 tables. The overall score has been calculated based on weightings determined for these 4 categories in line with CMB regulations.

The general compliance level of Garanti with the Code as of December 2014 and the corresponding levels within the JCR Eurasia's notation were as follows;

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
<b>Overall</b>	<b>91.41</b>	<b>AAA(Trk) (Distinctive )</b>	<b>(aa) (Superior)</b>	<b>Stable</b>

At the end of previous monitoring period, a comprehensive review was performed in November 2015. The Bank's overall compliance note has been raised to 9.20 from 9.14.

- Establishment of a separate Corporate Secretariat in order to provide services to the Board of Directors,
- Becoming the only company from Turkey entitled to be included in the Dow Jones Sustainability Index, and
- Reorganization of Occupational Health and Safety Division and the effectiveness in this field,

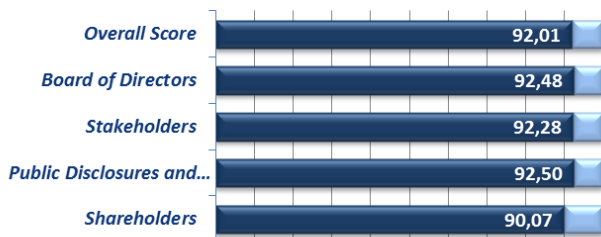
are factors behind this increase in compliance. The Bank's compliance level and their corresponding notes are outlined below;

- Numerical value of **9.20**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree **(aa)** representing the category of "**Superior**",
- Outlook (**Positive**)

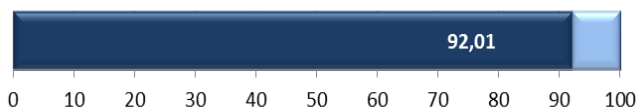
December 10, 2015				
Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Shareholders	90.70	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Public Disclosures and Transparency	92.50	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Stakeholders	92.28	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Board of Directors	92.48	AAA (Trk) (Distinctive)	(aa) (Superior)	Positive
<b>Overall</b>	<b>92.01</b>	<b>AAA(Trk) (Distinctive)</b>	<b>(aa) (Superior)</b>	<b>Positive</b>

JCR Eurasia Rating's notation system may be viewed at: [http://www.jcrer.com.tr/Administrator/files/436\\_kyder\\_notation.pdf](http://www.jcrer.com.tr/Administrator/files/436_kyder_notation.pdf)

#### Corporate Governance Score %



#### Overall Score %



Corporate Governance Overall Results	
<b>9.20</b>	
<b>AAA (Trk)/aa</b>	
<b>Positive</b>	

#### Outlook

Garanti reached a level of high overall compliance as well as a high level of compliance in all 4 distinct categories last year. By a comprehensive review done in November 2015, it is believed that the high compliance level of the Bank will be maintained during the next 12 month monitoring period. Additionally, following the establishment of the risk committee

within the Board of Directors, it has been reached the conclusion that the risk management system will be more efficient in the Bank. For this reason, the Outlook for the Bank in this rating period to come has been determined as "Positive".

#### 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, through its numerous subsidiaries, the Bank 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 998 branches, the Bank has 7 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 30 September 2015, Garanti was ranked as the second largest private bank in Turkey with a consolidated asset size of USD 97.6bn, equating to a market share of 12.04%. 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 13.7mn customers on an annual basis through a total workforce of 19.8 thousand located in every city across Turkey. The Bank's workforce is highly dynamic and well-educated with 86% of employees having an undergraduate and above and receives on average 44hrs training per annum. Bank shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 50.02% as of September 30, 2015.

The Turkish Banking Sector currently consists of 52 banks of three types; Deposit Banks, Development/Investment Banks, and Participation Banks. As of FYE2014, the sector enjoys the largest share among the wider Turkish financial services industry, having realized an asset size of USD 860bn (TRY 1,994bn) as of FYE2014. The aggregate number of branches across the sector was 12,210, generating an employment of 216,912 as of FYE2014. Deposit Banks had the largest market share in the sector with a share of 90.53%, followed by Participation Banks and Development/Investment Banks with shares of 5.23% and 4.24%, respectively.

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 asset market share of the five leading players in the sector currently stands at 55%. Competition throughout the sector

is largely observed across the medium and smaller sized banking segment.

As of December 2015, Garanti's ownership structure includes 2 majority shareholders; the Dogus Group with a share of 10.00% and BBVA (Banco Bilbao Vizcaya Argentaria S.A) with a share of 39.90%. The remaining 50.10% of shares are held by a variety of investors that includes domestic and foreign retail as well as foreign institutional investors across the globe. Garanti is also the highest floating market capitalized company in the BIST and has an actual free-float rate of 50.02% as of December 2015. Detailed shareholder information of Bank has been provided in the appendix.

With regard to 3Q2015 IFRS financial statements, the Bank had a consolidated asset size of TRY288.6 bn, equity of TRY 29.05 bn and a 9 months net profit of TRY2.9 bn. Main balance sheet items and ratios indicating the Bank's performance have been exhibited 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, as of YE2014, operating in a number of sectors including financial services, automotive, construction, real estate, tourism, media, energy and food/drink with over 250 companies and approximately 50,000 staff. The Group has been a pioneer of joint ventures with world-renowned brands including BBVA in financial services, Volkswagen AG and TUV SUD in automotive, CNBC, MSNBC and Cond Nast in media and Hyatt International Ltd. and HMS International Hotel GmbH (Maritim) in tourism as of YE2014. 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 746bn, 9,250 branches and a workforce of 137,904 as of September 30, 2015. 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, Dogus Group and BBVA entered into a Share Purchase Agreement. As of July 27, 2015, after the completion of the share transfers, Dogus Group's and BBVA's stake in Garanti became 10% and 39.9% of the share capital, respectively. Mr. Francisco González RODRÍGUEZ 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.

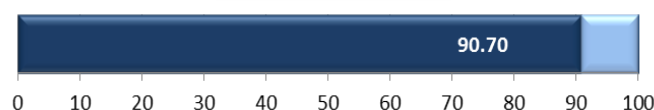
The Board of Directors of the Bank currently consists of 10 members. 3 board members are in the independent status. There are numerous committees established in scope of the Board of Directors including audit, corporate governance and remuneration committees. All committee members are highly educated 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 of **9.07**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**),

Shareholders Score %



Shareholders Results
<b>9.07</b>
<b>AAA (Trk)/aa</b>
<b>Stable</b>



**Activities carried out during the monitoring period in the Shareholder main section:**

- ✓ The controlling shareholders, Dogus Group and BBVA, signed an agreement for the sale of shares representing 14.89% of the Bank's capital from Dogus Group to BBVA on November 19, 2014. The Banking Regulatory and Supervisory Authority of Turkey approved this acquisition on July 15, 2015. After registration in the Bank's Share Ledger, BBVA's stake increased to 39.9% while Dogus Group's decreased to 10%.
- ✓ Mrs. Handan Saygin, SVP of the investor relations department and holding a corporate governance rating license from the CMB was appointed as a member of the Corporate Governance Committee on October 06, 2015, replacing Mr. Aydın Şenel.
- ✓ The 2014 Ordinary Shareholders Meeting was held on April 09, 2015 at 10.00 a.m. at the Headquarters of the Bank. The meeting was observed by two of our analysts and the works undertaken regarding the meeting were closely observed prior, during and following the meeting. Pre-meeting preparations, announcements and invitations were carried out by the Investor Relations Department according to Code. Within the framework of democratic principles, all shareholders were treated equally in the meeting, the Bank's 2014 activities were outlined, all shareholders were given the right to address each agenda item and voting was done by an open show of hands. Following the meeting the relevant documents were disclosed to investors on the internet site.
- ✓ No findings of discrimination against any shareholder were made.
- ✓ No lawsuit was opened by shareholders to cancel the resolutions made in the shareholders meeting.
- ✓ In 2014, The Investors Relations Department's managers and top managers of the Bank joined 29 Investor Conferences in ten cities across Europe, Asia and America. In 2015, until November they joined 20 Investor Conferences in 11 cities.
- ✓ The Investor Relations Department specialist answered all inquiries from shareholders and potential investors via telephone and e-mail.
- ✓ In the general meeting on April 09, 2015, the Bank resolved to distribute TL 567,000,000 cash dividend from the after-tax profit of TL 3,200,247,803 for the year 2014. The dividend distribution table was disclosed to the public via the company's website and the PDP following the general meeting.

**Outlook**

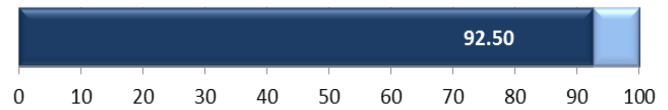
JCR Eurasia Rating is of the opinion that during the next monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Shareholders field. For this reason, the outlook for this section has been determined as **"Stable"**.

**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**

**Activities carried out during the monitoring period in the Public Disclosure and Transparency main section:**

- ✓ The Bank's website is kept up to date in Turkish and English. A link to the PDP is included.
- ✓ Significant improvements in the Bank's organizational structure and operations are published in a timely manner.
- ✓ The Bank's quarterly financial statements were released to the public within the period specified by CMB legislation and posted on the internet site.
- ✓ The Bank disclosed a total of 190 notifications in 2014 and 144 notifications by the end of November 2015 to the Public Disclosure Platform (PDP). Following these disclosures, no extra information was requested.
- ✓ The Bank was not suspended from trading on the BIST in the monitoring period.
- ✓ The 2014 annual report was published with a high compliance level with the Code. The Bank also publishes detailed quarterly activity reports.

- ✓ The Bank's 2014 financial tables were audited by the independent audit firm DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (member of Deloitte). The Bank has an agreement with the same audit firm to carry out independent auditing activities in 2015 as well.

## 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

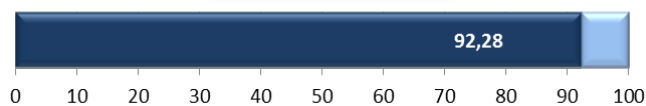
With the exception of upper-level managers, an institution's employees, customers, suppliers, creditors, public authorities and the public in general are considered to be stakeholders. The rules and practices in this main section primarily aim to secure the rights of stakeholders and to facilitate exercise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

This main section's note has been increased to 9.23 from 9.05 due to its entrance as the only Turkish company to the Dow Jones Sustainability Index, the reorganization Occupational Health and Safety Division and overall effectiveness in this field.

The compliance level of the Bank's practices in the field of stakeholders with corporate governance principles has been determined as below:

- Numerical value of **9.23**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**)

Stakeholders Score %



Stakeholders Results
<b>9.23</b>
<b>AAA(Trk)/aa</b>
<b>Stable</b>

## Activities carried out during the monitoring period in the Stakeholders main section:

- ✓ Being the only Turkish company, Garanti was entitled to be included in the Dow Jones Sustainability Emerging Markets Index, which aims to represent the top 10% of the largest 800 companies in 23 emerging markets based on long-term economic, environmental and social criteria.
- ✓ The Occupational Health and Safety Division was reorganized and Mr. Göksel Geyik, M.D. was appointed as manager. The division carried out activities to create safer and healthier working conditions.
- ✓ Considering the number of staff, the number of lawsuits opened against the Bank by employees can be considered tolerable.
- ✓ Number of employees of the Bank increased by 660 to 19,861 during 3Q2014-3Q2015. During the processes of employees resigning, taking retirement, contracts being terminated, and employees leaving due to various reasons, no loss in employee rights was observed.
- ✓ Garanti renewed "The ISO 10002:2004 Complaint Management System certificate" which is recognized by the British Standards Institution in 2015.
- ✓ The Customer Satisfaction Department was awarded with the bronze medal in "the customer services unit" category by The Stevie Awards in 2015.
- ✓ No lawsuits were filed against the Bank by suppliers.
- ✓ In 2015, The ISO14001 certified Environmental Management System expanded to cover 100% of the employees.
- ✓ Garanti received "the Green Office Diploma" from the World Wide Fund for Nature (WWF) Turkey for its Head Office building.
- ✓ In 2014 within the scope of social responsibility, the Bank donated TL17.186.001 to various institutions. The Board of Directors submitted information to the shareholders regarding these donations in the general shareholders meeting.

## 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

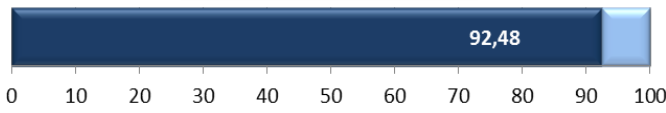
Content of this section consists of the board of directors' functions, qualifications, duties, powers and responsibilities of its members and senior management, as well as rules and practices related to systems established for effective supervision and control.

This main section's note has been increased from 9.15 to 9.25 due to the establishment of a separate Corporate Secretariat to provide services to the Board of Directors.

The compliance level of the Bank's practices in the Board of Directors field has been determined as 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 (**Positive**)

**Board of Directors Score %**



Board of Directors Results
<b>9.25</b>
<b>AAA(Trk)/aa</b>
<b>Positive</b>

**Activities carried out during the monitoring period in the Board of Directors main section:**

- ✓ Liability insurance for board members and top managers was renewed by the Bank.
- ✓ At the general meeting held on April 09, 2015 the shareholders approved the 2014 activities of the Board of Directors.
- ✓ Mr. Jaime SAENZ DE TEJADA PULIDO was appointed as a board member replacing Mr. Carlos TORRES VILA on October 02, 2014 and his membership was approved by shareholders in the 2014 general meeting.
- ✓ Board members Mr. Angel Cano FERNANDEZ and Mr. Manuel Castro ALADRO resigned and their resignations were accepted by the Board on June 4, 2015.
- ✓ Ms. Maria Isabel Goiri LARTITEGUI and Mr. Javier Bernal DIONIS were appointed as the new board members on July 27, 2015; thereby the rate of female member of the Board has reached 20%.
- ✓ Board member Mr. Ahmet Kamil ESİRTGEN's resignation was accepted by the Board on July 27, 2015 and Mr. Ergun ÖZEN was appointed to the

Board of Directors effective as of September 2, 2015.

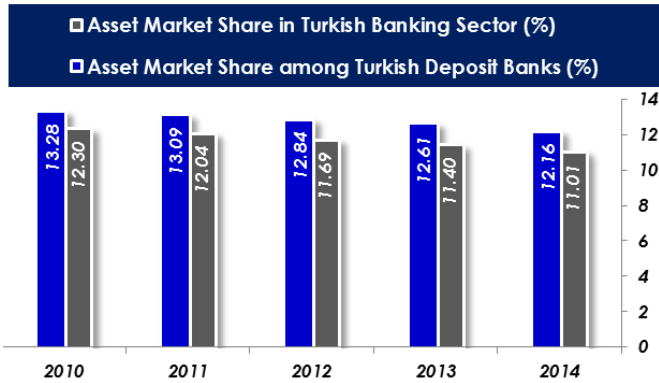
- ✓ Mr. Ali Fuat ERBİL was appointed as the General Manager and Board Member replacing Mr. Ergun ÖZEN on September 02, 2015.
- ✓ Assistant General Managers Mr. Gökhan ERÜN and Mr. Onur GENÇ were appointed as Deputy General Manager. Assistant General Managers Mr. Adnan MEMİŞ, Mr. Aydın ŞENEL, Mr. Erhan ADALI and Mr. Turgay GÖNENSİN's resignations were accepted and Mr. Osman TÜZÜN was appointed as the Assistant General Manager, as of September 2, 2015.
- ✓ The corporate secretariat, directly reporting to the Board, was established and Assistant General Manager Mr. Avni Aydın DÜREN was appointed as the corporate secretary in addition to his existing responsibilities.
- ✓ All of these changes were disclosed in a timely manner to the PDP and the internet site.
- ✓ The Bank disclosed the total remuneration amount provided to the board members and the top managers in the 2014 annual report.
- ✓ During 2015 until the end of November, 17 Board of Directors' meetings were held.
- ✓ All Board of Director Meeting preparations, applications and follow-ups were handled in accordance to the Code.
- ✓ The Board of Directors' Secretariat prepared and distributed meeting agendas as well as relevant information to all Board members a week prior to the meeting date. During the meeting, the necessary services were provided to the members and minutes were kept in accordance to the Code.
- ✓ The Risk Committee was established to coordinate all risk activities of the Bank within the scope of the Board of Directors with two members in the end of monitoring period.
- ✓ Audit, Corporate Governance and Remuneration Committees held their periodic meetings and conducted effective activities in this period.

**Outlook**

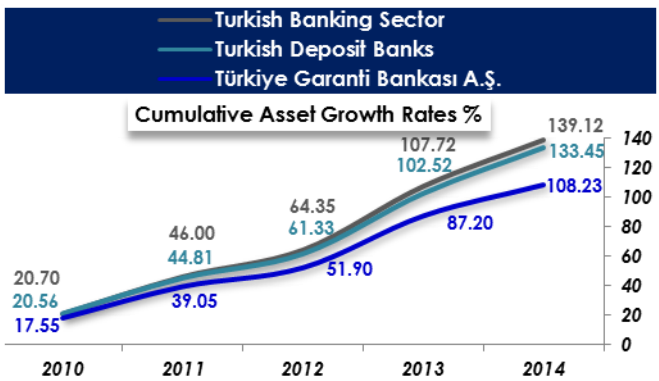
JCR Eurasia Rating is of the opinion that during the following monitoring period the Bank will maintain its level of compliance with the code in the Board of Directors field. Additionally, following the establishment of the Risk Committee in the Board, it has been concluded that the risk management system will be more efficient in the Bank. In this regard, the Outlook for this section has been determined as "**Positive**".

**7-Financial Efficiency**

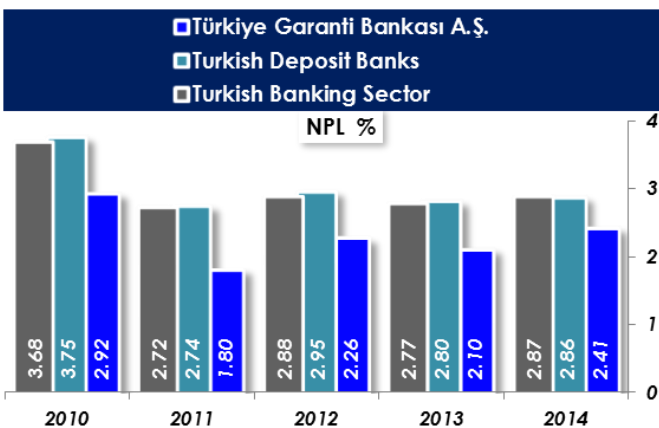
Garanti's total asset market share figures for the past 5 years are shown in the graph below:



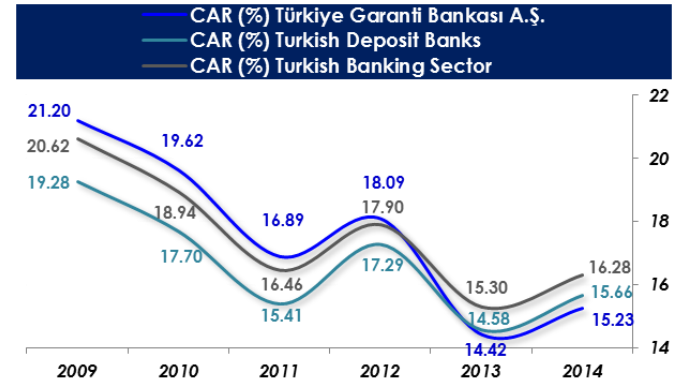
The Bank's Cumulative Asset Growth Rate trailed behind the sector averages between FY2010 and FY2014, due to its selective lending strategy as evidenced by its below sector average NPL figures.



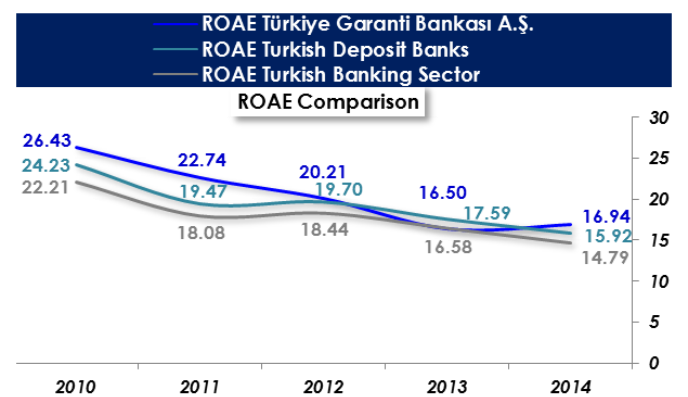
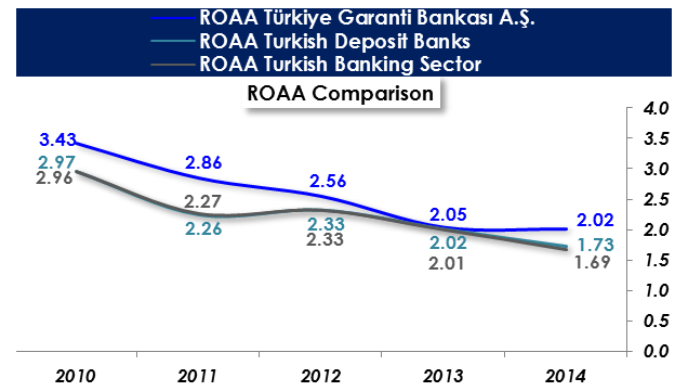
The Bank's gross non-performing loans portfolio deteriorated to 2.41% from 2.10% on solo basis at the end of FY2014, mirroring the paths of the Turkish banking sector and deposit banks. However, the Bank's NPL remained below the sector averages over the last five years.



Garanti's unconsolidated Capital Adequacy Ratio of 15.23% in FY2014 stood below sector average, while remaining above the BRSA's recommended minimum CAR requirement of 12%.



During the last five years, the Bank's Return on Average Assets (ROAA) and Return on Average Equity (ROAE) (based on pre-tax profits) stood above the sector average despite following the sector's downward path.



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



**TABLE:1**
**SHAREHOLDING STRUCTURE**

Paid-in Capital	Years	2011	2012	2013	2014	2015
	TL bn	4,200	4,200	4,200	4,200	4,200
Shareholders		Share %				
DOGUS GROUP		24.2256	24.2256	24.2256	24.2256	10.0002*
BANCO BILBAO VIZCAYA ARGENTARIA S. A.		25.0100	25.0100	25.0100	25.0100	39.9000*
OTHER SHAREHOLDERS		50.7644	50.7644	50.7644	50.7644	50.0998
<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

\*The controlling shareholders, Dogus Group and BBVA, signed an agreement to sale of shares representing 14.89% of the Bank's capital from Dogus Group to BBVA on 19.11.2014. In this regard the Banking Regulatory and Supervisory Authority of Turkey approved this acquisition in 15.07.2015. After registration in the Bank's Share Ledger, BBVA's stake has reached %39.9 while Dogus Group's interest has decreased to %10 of the share capital.

## AFFILIATES & ASSOCIATES as of September 2015

Consolidated Subsidiaries	Head Quarters	Fields Of Activities	Interest Share %	Acquisition Date
GARANTIBANK INTERNATIONAL N.V.	Netherlands	Banking	100	1990
GARANTIBANK MOSCOW	Russia	Banking	100	1995
GARANTI HOLDING BV	Netherlands	Financial Services	100	2010
GARANTİ EMEKLİLİK VE HAYAT A.Ş.	Turkey	Insurance, Pension	84.91	1992
GARANTİ FİNANSAL KİRALAMA A. Ş.	Turkey	Leasing	100	1990
GARANTİ FAKTÖRİNG HİZMETLERİ A. Ş.	Turkey	Factoring	81.84	1990
GARANTİ YATIRIM MENKUL 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	1946
GARANTİ ÖDEME SİSTEMLERİ A. Ş.	Turkey	Credit Card Services	99.96	1999
GARANTİ HİZMET YÖNETİM A. Ş.	Turkey	Fund Administration	96.4	2000
GARANTİ KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ A. Ş.	Turkey	Mortgage	100	2007
GARANTİ KÜLTÜR A. Ş.	Turkey	Culture and Art Services	100	1999
GARANTİ FİLO YÖNETİM HİZMETLERİ A. Ş.	Turkey	Operational Leasing	100	2007
GARANTİ FİLO SİGORTA ARACILIK HİZMETLERİ AŞ	Turkey	Rental Insurance	100	2014
GARANTİ YATIRIM ORTAKLIĞI A.Ş.	Turkey	Portfolio Management	3.3	1996
G NETHERLANDS BV	Netherlands	Financial Services	100	2010
TRIFOI REAL ESTATE COMPANY	Romania	Real Estate	100	2010
GARANTI BANK SA	Romania	Banking	100	2010
MOTORACTIVE IFN SA	Romania	Leasing	100	2010
RALFİ IFN SA	Romania	Consumer Finance	100	2010

\*Interest share sets out the Bank's direct and indirect shareholding interests in its consolidated affiliates and associates in accordance with IFRS.

\*Garanti Diversified Payment Rights Finance Company and RPV Company, are special purpose entities established for the Bank's securitization transactions, and consolidated in the consolidated financial statements. The Bank or any of its affiliates do not have any shareholding interests in these companies.

TÜRKİYE GARANTİ BANKASI A. Ş.						
Financial Data	9M2015	2014*	2013*	2012*	2011*	2010*
Total Assets (USD mn)	95,392	105,817	102,706	100,852	86,542	89,344
Total Assets (TRY mn)	288,571	243,907	217,736	177,500	161,401	135,803
Total Deposit (TRY mn)	165,642	133,407	119,194	97,775	93,236	79,104
Total Net Loans (TRY mn)	177,418	148,081	131,315	102,260	92,654	71,092
Equity (TRY mn)	29,048	27,256	23,475	21,938	18,120	16,873
Net Profit (TRY mn)	2,888	3,846	3,529	3,393	3,398	3,432
Asset Market Share (%) **	12.04	12.16	12.61	12.84	13.09	13.28
ROAA (%)	N.A	2.11	2.24	2.53	2.87	3.42
ROAE (%)	N.A	19.24	19.48	21.37	24.42	27.99
Equity/Assets (%)	10.06	11.17	10.78	12.36	11.23	12.42
CAR-Capital Adequacy Ratio (%) **	13.83	15.23	14.42	18.09	16.89	19.62
Asset Growth Rate (%)	18.31	12.02	22.67	9.97	18.85	17.47

Based on IFRS financials \*End of year \*\* Based on BRSA unconsolidated financials, market shares among deposit banks

**TABLE: 4**  
**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	25	BSc/BA	Non-Executive	Not Independent	Remuneration Committee
Süleyman SÖZEN	Vice -President	Chartered Accountant	08.07.2003	33	BSc/BA	Non-Executive	Not Independent	
Ergun ÖZEN	Member	Banker	14.05.2003	28	BSc/BA	Non-Executive	Not Independent	
M. Cüneyt SEZGİN	Member	Banker	30.06.2004	27	PhD	Non-Executive	Independent	Audit Committee, Corp.Gov. Committee
Javier Bernal Dionis	Member	Banker	27.07.2015	25	Master	Non-Executive	Not Independent	
Jaime Saenz de Tejada PULIDO	Member	Banker	02.10.2014	22	BSc/BA	Non-Executive	Not Independent	
Maria Isabel Goiri Laritegui	Member	Banker	27.07.2015	25	Masters	Non-Executive	Not Independent	
Manuel Pedro Galatas SANCHEZ-HARGUINDEY	Member	Banker	05.05.2011	31	BSc/BA	Non-Executive	Independent	Audit Committee, Corp.Gov. Committee
Sema YURDUM	Member	Banker	30.04.2013	27	BSc/BA	Non-Executive	Independent	Corp. Gov. Committee
Ali Fuat ERBİL	Member Chief Executive Officer	Banker	02.09.2015	23	PhD	Executive	Not Independent	