

**CORPORATE
GOVERNANCE
AND RISK
MANAGEMENT**

BOARD OF DIRECTORS

SÜLEYMAN SÖZEN *Chairman*



Süleyman Sözen is a graduate of Ankara University Faculty of Political Sciences and has worked as a Chief Auditor at the Ministry of Finance and the Under secretariat of Treasury. Since 1981, he has held various positions in the private sector, mainly in financial institutions. Having served on the Board of Directors of Garanti Bank since 1997, Mr. Sözen was appointed as the Vice Chairman on July 8, 2003 and then as the Chairman on September 19, 2017. Mr. Sözen holds a Certified Public Accountant license and serves as the Board Member of Görüş YMM A.Ş. and as the Board of Trustees Member of Teachers Academy Foundation. Mr. Sözen has 38 years of experience in banking and business administration.

JORGE SÁENZ-AZCÚNAGA CARRANZA *Vice Chairman, Independent Board Member*



Jorge Sáenz-Azcúnaga earned his BS in Business Administration from Universidad Deusto. He has developed his entire career in BBVA starting as Research Analyst. He then worked as Corporate Strategist, Head of CEO Office, Business Development (Commercial & Institutional Banking in Spain), Head of Strategy (Wholesale Banking & Asset Management), Head of Strategy and Planning (Spain & Portugal) and between years 2013 and 2015 as Regional Manager for the North of Spain. As of 2015, he served as the Head of Business Monitoring Spain, USA and Turkey. In July 2016 he was appointed Head of Country Monitoring and member of the Global Leadership Team in BBVA. Mr. Sáenz-Azcúnaga is member of the Board of Directors of BBVA Compass Bancshares in the US and BBVA Bancomer in Mexico.

He has been serving as the Board Member of Garanti Bank since March 24, 2016 and since his appointment as an Audit Committee member of T. Garanti Bankası A.Ş. on March 31, 2016, he is deemed as an Independent Board Member of Garanti Bank in accordance with the relevant regulations of the Capital Markets Board of Turkey. He was appointed as Vice Chairman on September 19, 2017 and has 26 years of experience in banking and business administration.

ALİ FUAT ERBİL *President & CEO*



Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering, earned his MBA from Bilkent University and his PhD in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti Bank as the Senior Vice President of Distribution Channels in 1997. Mr. Erbil was appointed as the Executive Vice President on April 30, 1999 and was responsible of several areas such as Retail Banking, Corporate Banking, Investment Banking, Financial Institutions and Human Resources as an EVP. Since September 2, 2015, Erbil has been serving as the Board Member, President & CEO. He is also the Chairman of the Board of Directors at Garanti Bank International N.V., Garanti Bank S.A. (Romania), Garanti Securities, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems and Garanti Technology. In addition to his responsibilities, he also serves as the Board Member in the Banks Association of Turkey and the İstanbul Foundation for Culture and Arts (İKSV) and as the Board of Trustees Member of Teachers Academy Foundation. Mr. Erbil has 26 years of experience in banking and business administration.

ERGUN ÖZEN
Board Member



Ergun Özen earned his BA in Economics from New York State University and is a graduate of the Advanced Management Program at Harvard Business School. He started his banking carrier in Treasury department in 1987 before joining Garanti in 1992. Having served as the President & CEO at Garanti Bank between April 1, 2000-September 2, 2015, Mr. Özen is a Board Member of Garanti Bank since May 14, 2003. Mr. Özen is the Chairman of Boyner Perakende ve Tekstil Yatırımları A.Ş. and Board Member of Atom Bank. Mr. Özen has 32 years of experience in banking and business administration.

M. CÜNEYT SEZGİN, Ph.D.
Board Member



M. Cüneyt Sezgin received his undergraduate degree from Middle East Technical University Department of Business Administration, his MBA from Western Michigan University and his Ph.D. from Istanbul University Faculty of Economics. Having served in executive positions at several banks, Mr. Sezgin joined Garanti Bank in 2001. In addition to his membership at the Board of Directors of Garanti Bank, Mr. Sezgin serves as the Board Member and Chairman of the Audit Committee at Garanti Bank S.A. (Romania), Garanti Pension and Life and Garanti Securities and as Board Member of Türk Telekomünikasyon A.Ş. and its several subsidiaries. Mr. Sezgin is a Board of Trustees Member at Teachers Academy Foundation and World Wildlife Foundation Turkey. Mr. Sezgin has been serving as a Board Member of Garanti Bank since June 30, 2004 and has 31 years of experience in banking and business administration.

JAIME SAENZ DE TEJADA PULIDO
Board Member



Jaime Saenz de Tejada Pulido holds undergraduate degrees from Universidad Pontificia de Comillas (ICADE) in both Law & Economics and Business Sciences and completed Programa de Dirección General (PDG) at IESE Business School in 1999. Mr. Saenz de Tejada joined BBVA in 1992 and in 2000 he was appointed as the Director of Corporate and Investment Banking in America. Subsequently, he served as the Managing Director of BBVA Banco Continental in Peru until his return to Spain as Territorial Director at the end of 2007. In 2011 he was appointed as the Director of Business Development of Spain and Portugal and in May 2012, he became a member of the Executive Committee of the Group. After serving as the Director of Strategy & Finance in 2014, in May, 2015, Mr. Saenz de Tejada was appointed to his current role, Global Head of Finance & Accounting at BBVA Group. He has been serving as the Board Member of Garanti Bank since October 2, 2014 and has 27 years of experience in banking and business administration.

JAVIER BERNAL DIONIS
Board Member



Javier Bernal graduated from University of Barcelona, Faculty of Law and he earned his MBA from IESE Business School, University of Navarra. After working in Barna Consulting Group as Partner and in Promarsa as General Manager, he joined BBVA in 1996. Until 1999 he served as the Segment Manager of Retail Banking (Spain). During 2000-2003, he founded and managed an internet business. Since 2004, he has been working in different areas at BBVA; Head of Innovation and Business Development reporting to the CEO, Head of Business Development Spain & Portugal, Head of Global Business Development, Head of Business Alignment of BBVA and Garanti, member of BBVA Group Executive Committee, member of Spanish and Portugal Executive Committee and Chairman of BBVA Insurance Spain. He has been serving as a Board Member of Garanti Bank since July 27, 2015 and is furthermore Board Member at Garanti

Pension and Life, Garanti Bank S.A. (Romania), Garanti Leasing, Garanti Securities and Garanti Payment Systems. Responsible of BBVA-Garanti coordination, Mr. Bernal has 29 years of experience in banking and business administration.

**RAFAEL SALINAS
MARTINEZ DE LECEA**
Board Member



Rafael Salinas Martínez De Lecea holds a B.S. degree in Economics and Business Management from Universidad de Alicante and graduate degrees from the Center for Monetary and Financial Studies of the Bank of Spain (CEMFI), MSc in Econometrics and Mathematical Economics of London School of Economics and MBA from the Graduate School of Business of University of Chicago. He joined BBVA in 1991 as the Director of Derivative Products in BBVA Interactivos, S.V.B and developed all his professional career at the BBVA Group. Between 1998-2000, he worked as the Deputy Director of Assets and Liabilities of the BBVA Group. After working as the Head of Capital Base Management of BBVA, he was appointed as the CFO of Banco de Credito Local de Espana (BCL) in 2003. Between 2006-2015, he served as the Director of Risk & Portfolio Management of the Corporate and Investment Banking unit of BBVA and since 2015, he is the Head of Global Risk Management of BBVA Group. Mr. Salinas has been serving as a Board Member of Garanti Bank since May 8, 2017 and has 28 years of experience in banking and business administration.

SEMA YURDUM
Independent Board Member



Sema Yurdum graduated from Boğaziçi University, Faculty of Administrative Sciences in 1979 and completed the Advanced Management Program at Harvard Business School in 2000. After working in a private sector company between 1979-1980 as a human resources expert, she had her career in banking sector between 1980-2005. She worked as an Executive Vice President of Garanti Bank and held Audit Committee membership in various subsidiaries between 1992-2005. Offering management consultancy services since

2006, Ms. Yurdum has been serving as an Independent Board Member of Garanti Bank since April 30, 2013. Ms. Yurdum has 38 years of experience in banking and business administration.

RICARDO GOMEZ BARREDO
Independent Board Member



Ricardo Gomez Barredo earned his B.S. degree in Economics and Business Management from Universidad Autonoma de Madrid and graduate degree in Tax Consultancy from ICADE. He also completed Programa de Dirección General (PDG) at IESE Business School. After working in a global consultancy firm in Tax & Legal Department and in an industrial company as the Head of Tax Consultancy, he joined BBVA in 1994 as Director of Tax Advice Mortgage Banking. He held several top management positions in BBVA, such as Tax Advice Private Banking, Director of Tax Advice Argentaria, Deputy Director of Tax Consulting, Head of Financial Analysis and Planning, Head of Financial Planning and Management Control and the Head of Global Accounting & Information Management. In 2016, he was appointed to his current role as Head of Accounting & Supervisors. Mr. Barredo has been serving as the Board Member of Garanti Bank since May 8, 2017 and since his appointment as an Audit Committee member of T. Garanti Bankası A.Ş. on March 29, 2018, he is deemed as an Independent Board Member of Garanti Bank in accordance with the relevant regulations of the Capital Markets Board of Turkey. Mr. Barredo has 31 years of experience in banking and business administration.

SENIOR MANAGEMENT

ALİ FUAT ERBİL *President & CEO*



Ali Fuat Erbil graduated from the Middle East Technical University Department of Computer Engineering, earned his MBA from Bilkent University and his PhD in Banking and Finance from Istanbul Technical University. After working as an executive at various private companies and banks, he joined Garanti Bank as the Senior Vice President of Distribution Channels in 1997. Mr. Erbil was appointed as the Executive Vice President on April 30, 1999 and was responsible of several areas such as Retail Banking, Corporate Banking, Investment Banking, Financial Institutions and Human Resources as an EVP. Since September 2, 2015, Erbil has been serving as the Board Member, President & CEO. He is also the Chairman of the Board of Directors at Garanti Bank International N.V., Garanti Bank S.A. (Romania), Garanti Securities, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Garanti Payment Systems and Garanti Technology. In addition to his responsibilities, he also serves as the Board Member in the Banks Association of Turkey and the İstanbul Foundation for Culture and Arts (İKSV) and as the Board of Trustees Member of Teachers Academy Foundation. Mr. Erbil has 26 years of experience in banking and business administration.

MAHMUT AKTEN *Executive Vice President Retail Banking*



With an undergraduate degree from Boğaziçi University in Electrical and Electronics Engineering and graduate degree in Business Administration from Carnegie Mellon University, Mahmut Akten started his career in 1999 in the USA. After having served in various positions in the Finance and Treasury

departments of a global construction materials company, he joined a global management consulting firm in 2006. Between the years 2006-2012, after having worked in Boston and Istanbul offices and lastly as an Associate Partner, he joined Garanti Bank on July 1, 2012 as the Senior Vice President responsible for Mass Retail Banking Marketing. As of January 1, 2017, Mr. Akten was appointed Executive Vice President responsible for Retail Banking and is the Chairman of Garanti Mortgage. In addition, Mr. Akten serves as Board Member of Garanti Bank SA, Garanti Securities, Garanti Payment Systems, Garanti Technology and Garanti Pension and Life. He is also a Board of Trustees Member of Teachers Academy Foundation. With 19 years of experience in banking and business administration, Mr. Akten's areas of responsibility are Retail Banking Marketing, Mass Banking Marketing and Affluent Banking Marketing.

DİDEM DİNÇER BAŞER *Executive Vice President Customer Solutions and Digital Banking*



Didem Başer graduated from Boğaziçi University Department of Civil Engineering and earned her graduate degree from University of California, Berkeley. She started her career in 1995. Before joining Garanti Bank, she worked for a global management consulting firm for 7 years and lastly as an Associate Partner. Ms. Başer joined Garanti Bank in 2005 and worked as the Coordinator of Retail Banking Business Line during her first 7 years. Ms. Başer was appointed to her current position in 2012 and is also Vice Chairman of Garanti Pension and Life, Board Member of Garanti Payment Systems and Garanti Technology, and Board Member and Board of Trustees Member of Teachers Academy Foundation. With 24 years of experience in banking and business administration, Ms. Başer's areas of responsibility are Digital Banking, Call Center, Enterprise Digital Solutions, Customer Experience and Satisfaction, Customer Analytics, Innovation & Product

Development, Insurance and Pension Coordination, Corporate Brand Management and Marketing Communications.

AYDIN DÜREN

*Executive Vice President
Legal Services and Collection*



Aydın Düren graduated from the Faculty of Law at Istanbul University and earned his graduate degree on International Law from the American University, Washington College of Law. After serving as an associate, partner and managing partner for over 18 years at international private law firms in New York, London and Istanbul, Mr. Düren joined Garanti Bank on February 1, 2009 as Executive Vice President in charge of Legal Services. Furthermore, Mr. Düren is Vice Chairman of Garanti Bank International N.V. and Garanti Bank Pension and Provident Fund Foundation, and Board Member of Garanti Payment Systems and Garanti Mortgage and Board of Trustees Member of Teachers Academy Foundation. Since June 2015, Mr. Düren is also serves as the Corporate Secretary of the Bank. With 27 years of experience in banking and business administration, Mr. Düren's areas of responsibility are Legal Advisory Services, Legal Collections, Litigation, Garanti Payment Systems Legal Services, Legal Operations, Wholesale Recovery and Retail Collections.

EBRU DİLDAR EDİN

*Executive Vice President
Corporate and Investment
Banking*



Ebru Dildar Edin graduated from Boğaziçi University Department of Civil Engineering and started her career in 1993. She joined the Corporate Banking Department at Garanti Bank in 1997. In 1999, she took part in the establishment of the Project Finance Department. After leading the department for 6 years as Senior Vice President, Ms. Edin became Project and Acquisition Finance Coordinator in 2006 and was appointed to her current position on November 25, 2009. A member of the Sustainability Committee since 2010, Ms. Edin also took responsibility of the coordination of the Sustainability Team, which was established in 2012 to implement the decisions of the aforementioned Sustainability

Committee. Ms. Edin is the Chairman of the Board of Directors of Business Council for Sustainable Development Turkey, Vice Chairman of UN Global Compact Local Network, Board Member and Board of Trustees Member of Teachers Academy Foundation. Furthermore, Ms. Edin serves as Vice Chairman of the Board of Directors of Garanti Securities and Member of the Board of Directors at Garanti Bank SA (Romania). With 25 years of experience in banking and business administration, Ms. Edin's areas of responsibility are Corporate Banking, Global Markets, Global Markets Sales & Financial Solutions, Global Markets, Cash Management & Transaction Banking, Financial Institutions, Corporate & Investment Banking Strategy, Analysis & Coordination, Project Finance and Sustainability.

SELAHATTİN GÜLDÜ

*Executive Vice President
Commercial Banking*



With an undergraduate degree from Middle East Technical University in Public Administration, Selahattin Güldü started his career as Assistant Auditor in Garanti Bank Internal Audit Department in 1990. He worked as a branch manager between the years 1997-1999. He served as Regional Manager in several regional offices at Istanbul between the years 1999-2018. Mr. Güldü was appointed as Executive Vice President responsible for Commercial Banking on April 5, 2018. Furthermore, Mr. Güldü is a Board Member of Garanti Leasing, Garanti Factoring and Garanti Fleet. With 28 years of experience in banking and business administration, Mr. Güldü's areas of responsibility are Commercial Banking Anatolian Marketing, Commercial Banking Istanbul Marketing and Consumer Finance.

AYDIN GÜLER

*Executive Vice President
ALM, Capital, Investor
Relations and Finance*



Aydın Güler graduated from Istanbul Technical University Department of Mechanical Engineering and joined Garanti Bank Fund Management Department in 1990. After working at different Head Office departments for 10 years, in 2000 he was appointed Senior Vice President responsible for Risk Management and Management

Reporting. Between the years 2001-2013, Mr. Güler served as the Senior Vice President responsible for Financial Planning & Analysis and was appointed as Coordinator in 2013. On December 21, 2015, Mr. Güler was appointed as the Executive Vice President in charge of Finance and Accounting and he is furthermore a Board Member of Garanti Bank Pension and Provident Fund Foundation, Garanti Mortgage, Garanti Leasing and Garanti Fleet and Board of Trustees Member of Teachers Academy Foundation. With 28 years of experience in banking and business administration, Mr. Güler's areas of responsibility are Assets & Liabilities Management, Financial Planning and Analysis, Cost Management and Efficiency, Investor Relations, Financial Reporting and Accounting, Consolidation and International Accounting, Tax Management, BBVA Finance Coordination and Credit Cards and Member Merchant Coordination.

İLKER KURUÖZ

*Executive Vice President
Engineering and Data*



İlker Kuruöz earned his undergraduate and graduate degrees from Bilkent University Department of Computer Engineering and started his professional career in the USA. Mr. Kuruöz worked at Garanti Technology as Application Development Senior Vice President between 1997-2006 and worked at a global consulting firm as IT Consulting Senior Manager. Between the years 2006-2016, he has served as Business and Technical Solutions Division Head, Chief Information Officer, Chief Technology Group Officer and for a short time acting CEO at a private telecommunication and technology services provider. Mr. Kuruöz worked as CTO at Doğu Group and CEO at Doğu Technology during 2016-2018. As of March 14, 2018, Mr. Kuruöz was appointed Executive Vice President responsible for Engineering & Data and Vice Chairman of the Board of Directors at Garanti Technology. He is also a Board of Trustees Member of Teachers Academy Foundation. With 27 years of experience in banking and business administration, Mr. Kuruöz's areas of responsibility are Organization and Process Development, Anti-Fraud Monitoring, Data & Business Analytics, Abacus Operation Center and Garanti Bank Technology Center.

CEMAL ONARAN

*Executive Vice President
SME Banking*



Cemal Onaran graduated from Middle East Technical University with a B.S. in Public Administration in 1990 and started his career as Assistant Auditor in Garanti Bank at the Audit Committee in the same year. Between years 2000-2007, he worked as the Regional Manager in various regions of Garanti Bank in Istanbul. After the establishment of Garanti Mortgage in October 2007, he was appointed General Manager of Garanti Mortgage. After having served as the General Manager of Garanti Pension & Life since August 1, 2012, Mr. Onaran was appointed Executive Vice President of Garanti Bank in charge of SME Banking on January 1, 2017. Mr. Onaran is Chairman of the Board of Directors at Garanti Fleet, Vice Chairman at Garanti Mortgage and Board Member at Garanti Pension & Life, Garanti Leasing, Garanti Technology, Garanti Factoring and Garanti Romania and Board of Trustees Member of Teachers Academy Foundation. With 28 years of experience in banking and business administration, Mr. Onaran's areas of responsibility are SME Medium & Large Enterprise Banking and SME Small Enterprise Banking Marketing.

ALİ TEMEL

*Executive Vice President
Chief Credit Risk Officer*



Ali Temel earned his undergraduate degree from Boğaziçi University Department of Electric-Electronic Engineering and started his carrier in banking in 1990 at a private bank. Mr. Temel joined Garanti Bank in 1997 and after working as the Senior Vice President in charge of Cash Management and Commercial Banking departments, he served as the Executive Vice President responsible of Commercial Banking between 1999-2001 and as the Executive Vice President responsible of Loans between 2001-2012. On December 10, 2015, Mr. Temel was appointed as the Chief Credit Risk Officer. Furthermore, Mr. Temel is Vice Chairman of Garanti Leasing and Garanti Factoring, Board Member of Garanti Bank SA (Romania) and Board of Trustees Member of Teachers Academy Foundation. With 28 years of experience in banking

and business administration, Mr. Temel's areas of responsibility are Wholesale Risk, Retail Risk, Corporate Credits & Project Finance Restructuring, Commercial Credits Restructuring; Risk Planning, Monitoring and Reporting; Risk Analytics, Technology and Innovation; Regional Loans Coordination.

OSMAN TÜZÜN

*Executive Vice President
Human Resources and
Support Services*



Osman Tüzün graduated from the Middle East Technical University with a B.S. in Computer Engineering and earned his MBA from Bilkent University. He started his banking career in 1992 and served in various branches and head office departments for 7 years. He joined Garanti Bank in 1999 as the Senior Vice President responsible for Branchless Banking. Between the years 2000-2005, he served as the Senior Vice President of Retail Banking. During 2005-2008, he was the CEO of a private sector company. In 2008, Mr. Tüzün returned to Garanti as the Coordinator responsible for Human Resources and on August 19, 2015 he was appointed to his current post. Mr. Tüzün is the Chairman of the Board of Directors of Garanti Bank Retirement and Provident Fund Foundation and Board Member and Board of Trustees Member of Teachers Academy Foundation. With 26 years of experience in banking and business administration, Mr. Tüzün's areas of responsibility are Human Resources, Learning and Development, Construction and Premises, Purchasing and Corporate Security.

COMMITTEES AND ATTANDANCE TO COMMITTEES

There are a number of committees set up at the Bank to fulfill the supervisory function. The Board of Directors oversees and audits the entire Bank via these committees. The committees organized under the Board of Directors are Credit, Audit, Corporate Governance, Remuneration and Risk Committee.

In addition to these, there are committees whose members are composed of the Board of Directors members (Employee Committee, Customer Committee, Garanti Assets & Liabilities Committee, Weekly Review Committee, Cost Management and Efficiency Committee, Sustainability Committee, Personnel Committee, Consumer Committee, Integrity Committee, Volcker Rule Oversight Committee, New Business and Product Committee, Responsible Business Committee, Corporate Assurance Committee, Innovation Committee) and/or the Bank's executives (Risk Management Committee, Disciplinary Committee, Information Security Committee, Wholesale Credit Risk Committee, Credit Admission Committee, Retail Credit Risk Committee, Risk Technology and Analytics Committee, Local Benefits Committee, IT Risk and Internal Control Committee, Credit Cards and Member Merchants Pricing Committee).

CREDIT COMMITTEE

In accordance with the Banking Law, the Board of Directors of Garanti Bank has delegated a certain amount of its loan allocation authority to the Credit Committee. The Credit Committee holds weekly meetings to review appropriate loan proposals from among those sent by the branches to the Head Office but exceed the loan authorization limit of the latter. The Credit Committee reviews these loan proposals and decides on those that are within its authorization limits, and submits those others it deems appropriate but are outside of its authorized limits to the Board of Directors for finalization.

In 2018, the Committee held 23 meetings with the required quorum.

Committee Members

Rafael Salinas Martinez De Lecea (Board Member), Jaime Saenz de Tejada Pulido (Board Member), Javier Bernal Dionis (Board Member), Jorge Saenz Azcunaga Carranza (Vice Chairman), Ali Fuat Erbil (CEO, Board Member)

AUDIT COMMITTEE

The Audit Committee was set up to assist the Board of Directors in the performance of its audit and supervision functions. The Committee is responsible for:

- Monitoring the effectiveness and adequacy of Garanti Bank's internal audit, internal control and risk management systems; and overseeing the operation of these systems and accounting and reporting systems in accordance with applicable regulations, and the integrity of resulting information,
- Conducting necessary preliminary evaluations for the selection of independent audit firms, appraisal and support services providers, and regularly monitoring their activities,
- Ensuring that the internal audit functions of consolidated entities are performed in a consolidated and coordinated manner,
- Developing the audit and control process in order to ensure ICAAP adequacy and accuracy,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held four meetings with the required quorum.

Committee Members

Ricardo Gomez Barredo (Independent Board Member), Sema Yurдум (Independent Board Member), Jorge Saenz Azcunaga Carranza (Vice Chairman)

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for monitoring the Bank's compliance with corporate governance principles, undertaking improvement efforts, nominating the independent board members, and offering suggestions regarding the nominees to the Board of Directors. Within the frame of the CMB Communiqué No: II-17-1 on Corporate Governance that is currently in force, the Committee:

- Monitors whether corporate governance principles are implemented at the Bank, determines the grounds for non-implementation, if applicable, as well as any potential conflicts of interest arising from failure to fully comply with these principles, and presents suggestions to the Board of Directors for the improvement of corporate governance practices;
- Oversees the activities of the Investor Relations Department;
- Evaluates the proposed nominees for independent Board membership, including those nominated by the management and investors, considering whether the nominees fulfill the independence criteria, and presents its assessment report to the Board of Directors for approval;
- Makes an assessment for election of independent members to the seats vacated due to a situation that eradicates independence and the resignation of a Board member who loses his independence, so as to re-establish the minimum number of independent Board members through temporarily elected members who will serve until the immediately following General Assembly Meeting to be held, and presents its written assessment to the Board of Directors;
- Works to create a transparent system for the identification, evaluation and training of nominees who are appropriate for the Board of Directors and managerial positions with administrative responsibility, and to determine related policies and strategies;
- Makes regular assessments about the structure and efficiency of the Board of Directors, and presents suggested changes to the Board of Directors.

In 2018, the Committee held three meetings with the participation of all members.

Committee Members

Javier Bernal Dionis (Board Member), Jorge Saenz Azcunaga Carranza (Vice Chairman), Sema Yurдум (Independent Board Member), Handan Saygın (Director)

REMUNERATION COMMITTEE

The Remuneration Committee started activities on 1 January 2012 in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency. The Committee's responsibilities are as follows:

- Conducting the oversight and supervision process required to ensure that the Bank's remuneration policy and practices comply with applicable laws and regulations and risk management principles,
- Reviewing, at least once a year, the Bank's remuneration policy in order to ensure compliance with applicable laws and regulations in Turkey, or with market practices, and updating the policy, if necessary,
- Presenting, at least once a calendar year, a report including the findings and proposed action plans to the Board of Directors,
- Determining and approving salary packages for executive and non-executive members of the Board of Directors, the CEO and Executive Vice Presidents,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held three meetings.

Committee Members

Sait Ergun Özen (Board Member), Jorge Saenz Azcunaga Carranza (Vice Chairman)

EMPLOYEE COMMITTEE

The Employee Committee is responsible for developing the Bank's HR policies, carrying out and coordinating activities in order to improve employee engagement and satisfaction, monitoring results and developing action plans when needed. With the support of management, the Committee also aims to promote learning in order to enhance the Bank's development and tracks how training reflects on business.

In 2018, the Committee held three meetings.

Committee Members

Javier Bernal Dionis (Board Member), Ali Fuat Erbil (CEO, Board Member), M. Cüneyt Sezgin, PhD (Board Member), Mahmut Akten (EVP), Didem Dinçer Başer (EVP), B. Ebru Edin (EVP), Cemal Onaran (EVP), İlker Kuruöz (EVP), Aydın Güler (EVP), Ali Temel (Chief Credit Risk Officer), Aydın Düren (EVP), Selahattin Güldü (EVP), Osman Tüzün (EVP), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ)

CUSTOMER COMMITTEE

The Customer Committee is established to discuss efforts for improving customer experience and convenes under the chairmanship of the CEO. The Bank's customer experience strategies are defined by the Committee, which is also responsible for realizing projects aimed at enhancing customer experience at every touch point and at improving the Net Promoter Score and for ensuring continuous efforts. The Committee also monitors the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and takes action to keep them up-to-date.

In 2018, the Committee held three meetings.

Committee Members

Ali Fuat Erbil (CEO, Board Member), Javier Bernal Dionis (Board Member), Ali Temel (Chief Credit Risk Officer), Aydın Düren (EVP), Aydın Güler (EVP), Didem Dinçer Başer (EVP), B. Ebru Edin (EVP), İlker Kuruöz (EVP), Cemal Onaran (EVP), Mahmut Akten (EVP), Osman Tüzün (EVP), Selahattin Güldü (EVP), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Hülya Türkmen (Director)

RISK COMMITTEE

The responsibilities of the Risk Committee are as follows:

- Monitor and oversee the strategy and general risk policies of the Bank and review the risk appetite declaration and core metrics, risk tolerance levels, limit structure, and metrics, taking into consideration the strength of the Bank's capital and the overall quality of risk management, measurement and reporting,
- Review and approve, as appropriate, the corporate risk policies for each risk type, and the yearly limits for each risk type and business line with the level of detail that may be deemed appropriate at the time,

- Review and approve, as appropriate, measures to mitigate the impact of identified risks, should these materialize,
- Monitor the evaluation of the global risk profile and the Bank's risk exposure, by type of risk, business line, product, or customer segment, and how these compare to the risk strategy and policies and the risk appetite,
- Assess the adequacy of risk information and risk internal control systems in the Bank to guarantee appropriate functioning of risk management as well as the suitability of the structure and operation of risk management in the Bank,
- Monitor that pricing of investment and deposit products offered to clients fully take into consideration the business model and risk strategy of the Bank, including a remediation plan should it be necessary,
- Verify that the Bank takes the necessary steps to guarantee the availability of systems, staffing and general resources adequate for the management of risks,
- Analyze and assess the appropriate working of asset valuation, asset classification and risk estimation processes of the Bank,
- Promote the continuous development and improvement of advanced risk management model and practices, whilst closely monitoring requirements and recommendations of regulators and supervisors,
- Receive and review reports on capital planning, capital adequacy and provide effective challenge of the enterprise risk management and capital planning processes.

In 2018, the Committee held 11 meetings.

Committee Members

Rafael Salinas Martinez De Lecea (Board Member), Javier Bernal Dionis (Board Member), Süleyman Sözen (Board Chairman)

GARANTI ASSETS AND LIABILITIES COMMITTEE

The main goal of Garanti Assets and Liabilities Committee (ALCO) is to assist the CEO with decision-making processes concerning assets and liabilities management (including liquidity and funding, interest rates and exchange rates) and capital management. The Committee is structured around the following objectives:

- Coordinate and review the implementation of policies for managing the sources and utilization of funds that should provide an appropriate level of profitability consistent with

planned growth within acceptable levels of risk,

- Monitor and analyze the profitability and net interest income,
- Allow senior management to thoroughly understand, efficiently develop and refine the ALM and capital policies by assisting them in overseeing and supervising the management activities of the Finance Department,
- Follow-up limits to control the balance sheet and capital risks, as well as the risk profiles defined by Garanti's Board of Directors,
- Assess the status of financial markets and macro variables,
- Monitor that individual business lines are aligned in terms of overall objectives and proactively controlled with regard to the prudential risks under the control of ALM and capital functions,
- Review and assess the impact of changes in market and other variables on the ALM risk and capital profile,
- Evaluate the strategies presented by the Finance Department and revise the execution of previously approved actions,
- Monitor regulatory capital adjusted profitability measures,
- Challenge and regularly monitor medium-term capital and liquidity plans for base scenarios and adverse or severely adverse scenarios,
- Analyze extraordinary liquidity and funding situations that require the Committee to be summoned (if deemed appropriate, the Assets and Liabilities Committee will activate the Liquidity Contingency Plan. The Liquidity Contingency Plan activation will be informed to the Corporate Assets and Liabilities Committee),
- Approve the Procedure for Hedge Accounting Transactions Process,
- Approve Funds Transfer Pricing Methodology,
- Approve assumptions or methodology associated with Structural Risk Measurement Techniques,
- Approve internal framework documents for ALM and Capital Management,
- Monitor the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and take action to keep them up-to-date.

In 2018, the Committee held 11 meetings with the required quorum.

Committee Members

Ali Fuat Erbil (CEO, Board Member), Alvaro Ortiz Vidal-Abarca (Emerging Markets - Chief Economist), Aydın Güler (EVP), Mahmut Akten (EVP), Selahattin Güldü (EVP), Cemal Onaran (EVP), B. Ebru Edin (EVP), Ali Temel (Chief Credit Risk

Officer), Özlem Ernar (Head of Risk Management), Metin Kılıç (Director), Sıdıka Dizdar (Director)

WEEKLY REVIEW COMMITTEE

The Weekly Review Committee is charged with managing the assets and liabilities of the Bank. Its objective is to assess interest rate, exchange rate, liquidity and market risks. Based on these assessments and taking into account the Bank's strategies and competitive conditions, the Committee adopts the decisions to be executed by the relevant units in relation to the management of the Bank's balance sheet, and monitors their implementation.

In 2018, the Committee held 51 meetings.

Committee Members

Ali Fuat Erbil (CEO, Board Member), M. Cüneyt Sezgin, PhD (Board Member), Javier Bernal Dionis (Board Member), Alvaro Ortiz Vidal-Abarca (Emerging Markets - Chief Economist), İlker Kuruöz (EVP), Selahattin Güldü (EVP), Cemal Onaran (EVP), Mahmut Akten (EVP), Didem Dinçer Başer (EVP), Ali Temel (Chief Credit Risk Officer), B. Ebru Edin (EVP), Aydın Güler (EVP), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Alpaslan Özbey (Director), Lütfi Hacıoğlu (Director), Mustafa Sağlık (Director), Hakan Öger (Director), Kerem Ömer Orbay (Director), Ceren Acer Kezik (Director), Metin Kılıç (Director), Vahan Üçkardeş (Director), Handan Saygın (Director), Özlem Ernar (Head of Risk Management), Batuhan Tufan (Director), Fulya Göyenc (Director), Kıvanç Fidan (Director), Alper Eker (Director), Demet Yavuz (Director), Sinem Edige (Director), Taşkın Erkoç (Director), Berkay Emekli (Director), Oben Savaş (Director)

COST MANAGEMENT AND EFFICIENCY COMMITTEE

The objective of the Cost Management Committee is to support the Board of Directors in controlling costs within the context of real revenue performance (operating efficiency) and securing savings by optimizing budget implementations over the course of the year. The Committee is also responsible for:

- Identifying the efficiency areas of Garanti Bank and providing a platform to discuss improvement areas,
- Informing committee members about cost developments in the future and evaluating saving suggestions,
- Providing a platform to discuss and decide on new ideas

and alternatives about efficient cost management by taking into consideration the Bank's strategies,

- Approving expenses or investment projects and proposals received from the units within the established limits of delegation,
- Clarifying the corresponding budget allocations,
- Ensuring local or regional implementation of corporate models, standards and specifications,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held six meetings.

Committee Members

Ali Fuat Erbil (CEO, Board Member), Javier Bernal Dionis (Board Member), Aydın Güler (EVP), Osman Tüzün (EVP), Mahmut Akten (EVP), İlker Kuruöz (EVP), Didem Dinçer Başer (EVP), Ali Temel (Chief Credit Risk Officer), B. Ebru Edin (EVP), Selahattin Güldü (EVP), Cemal Onaran (EVP), Aydın Düren (EVP), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Oğuz Acar (Director), Hazal Özgüven (Director), Sibel Kaya (Director), Vahan Üçkardeş (Director), Burçin Bıkmaz (Director)

SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for:

- Overseeing the efforts for assessing potential risks resulting from the Bank's energy consumption, waste management, etc. and from the Bank's direct impact upon the environment,
- Supervising the efforts for assessing potential risks arising from indirect environmental, social and economic impact resulting from financed projects and other loans, and providing necessary opinions to relevant decision-making parties,
- Monitoring the efforts for managing the risks which can negatively affect the Bank's reputation and/or other activities in environmental, social and governance areas,
- Ensuring conformity of all decisions made and all projects carried out within the framework of the sustainability structure created within the Bank with other policies and related regulations of the Bank,
- Managing the efforts to allow the Bank to offer products and services that support sustainable development,
- Supervising the efficiency of sustainability efforts,

- Providing information to the Board of Directors on the Committee's activities when needed,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Responsible Business Committee convened with the attendance of the members of the Sustainability Committee and discussed the related topics.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Ali Fuat Erbil (CEO, Board Member), Osman Tüzün (EVP), B. Ebru Edin (EVP), Ali Temel (Chief Credit Risk Officer), Cemal Onaran (EVP), Aydın Güler (EVP), Burçin Bıkmaz (Director)

PERSONNEL COMMITTEE

The Personnel Committee has been set up to finalize transfer and appointment decisions at manager level, make proposals regarding the Bank's organizational structure, and contribute to the management of the HR budget and balance sheet. The Committee monitors the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and takes action to keep them up-to-date.

The Committee meets when it is needed. In 2018, the Personnel Committee held two meetings.

Committee Members *

Ali Fuat Erbil (CEO, Board Member), Mahmut Akten (EVP), Selahattin Güldü (EVP), Cemal Onaran (EVP), İlker Kuruöz (EVP), Didem Dinçer Başer (EVP), Ali Temel (Chief Credit Risk Officer), Osman Tüzün (EVP), B. Ebru Edin (EVP), Aydın Düren (EVP), Aydın Güler (EVP), Alper Eker (Director), Mustafa Tiftikçioğlu (Director), İlker Yavaş (Director), Sibel Kaya (Director), Lütfi Hacıoğlu (Director), Mustafa Sağlık (Director), Taşkın Erkoç (Director), Kerem Ömer Orbay (Director), Ceren Acer Kezik (Director), Hakan Öger (Director), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Eyüp Yıldırım (Regional Manager), Sevgi Cevani (Regional Manager), Murat Özdemir (Manager), Görkem Kıran Dumlu (Manager)

* Regional Managers alternate in attending the committee.

CONSUMER COMMITTEE

The Consumer Committee works to ensure that matters and practices regarding retail products and services, which may lead to risks and/or dissatisfaction on the part of consumers and/or applicable regulations, are addressed, considered, and necessary actions for their solutions are planned. The Committee is responsible for;

- Providing information on findings referred to the Committee by the Internal Audit Department, Internal Control and Compliance units, and planning actions for those deemed necessary upon due consideration,
- Providing information on improvement areas resulting from analyses based on customer notifications (complaints, objections, etc.) and planning actions for those deemed necessary upon due consideration,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held three meetings.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Mahmut Akten (EVP), Aydın Düren (EVP), Didem Dinçer Başer (EVP), Osman B. Turgut (Head of Internal Audit), Hülya Türkmen (Director), Barış Gülcan (Director), Emre Özbek (Director), Kerem Ömer Orbay (Director), Ceren Acer Kezik (Director), Hazal Özgüven (Director), Berna Avdan (Legal Counsel), Eray Kaya (EVP, GT), Bora Uludüz (Director), Demet Yavuz (Director), Murat Hamurkaroğlu (Manager), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Alpaslan Özbey (Director)

INTEGRITY COMMITTEE

The main objective of the Integrity Committee is to contribute to preserve the corporate ethical integrity at Garanti. The primary function of the Committee is to guarantee that the Code of Conduct is efficiently implemented within the frame of its responsibilities outlined below:

- Encouraging and monitoring efforts for creating a shared culture of integrity within Garanti Group,
- Making sure that the Code of Conduct is implemented

homogenously across Garanti; in this context, formulating and disseminating descriptive notes when needed,

- Implementing exclusion criteria with regard to compliance with certain provisions of the Code of Conduct,
- Notifying matters deemed to be in contradiction with the Bank's disciplinary rules to the Disciplinary Committee, and obtaining information about the ongoing examinations procedures and actions taken in response thereto,
- Reporting immediately any incidents and circumstances that may pose a material risk against Garanti to,
 1. Top Management,
 2. The individual in charge of preparing the financial statements accurately,
- Following up actions agreed upon during the Committee meetings,
- Encouraging adoption of necessary measures for handling suggestions regarding compliance with the Code of Conduct and implementation of the document, and ethically questionable behaviors,
- Ensuring efficient operation of the Complaint Channel and taking measures regarding necessary updates where appropriate,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held two meetings.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Ali Fuat Erbil (CEO, Board Member), Osman Tüzün (EVP), Aydın Düren (EVP), Didem Dinçer Başer (EVP), İlker Kuruöz (EVP), B. Ebru Edin (EVP), Osman B. Turgut (Head of Internal Audit), Emre Özbek (Director), Barış Gülcan (Director)

VOLCKER RULE OVERSIGHT COMMITTEE

Volcker Rule Oversight Committee is an internal body established under the provisions of the Volcker Rule Compliance Program that has been approved by the Board of Directors. It is formed to evaluate the conformity level of Garanti Bank's and its subsidiaries' (Garanti) activities and of the Compliance Program to the Volcker Rule, and to supervise the effectiveness of the Volcker Rule Compliance Program. The main roles and responsibilities of the Committee are as follows:

- Provide the establishment of a Volcker Rule compliance culture across Garanti,
- Evaluate the conformity of the Volcker Rule Compliance Program to the Volcker Rule,
- Assess declarations of compliance received from the subsidiaries, evaluate conformity of Garanti's operations to the Volcker Rule; make decisions on this subject, and communicate the decision to the related committee of the BBVA Group,
- Resolve the Volcker Rule related issues which are submitted to the Committee's agenda,
- Monitor the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and take action to keep them up-to-date.

In 2018, the Committee held three meetings.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Ali Fuat Erbil (CEO, Board Member), Aydın Güler (EVP), Aydın Düren (EVP), B. Ebru Edin (EVP), Eray Kaya (EVP, GT), Ali Temel (Chief Credit Risk Officer), Osman B. Turgut (Head of Internal Audit), Özlem Ernat (Head of Risk Management), Emre Özbek (Director), Barış Karaayvaz (Director), Çağlar Kılıç (Director), Metin Kılıç (Director), Berna Avdan (Legal Counsel), Hakan Özdemir (Director), Barış Gülcan (Director)

NEW BUSINESS AND PRODUCT COMMITTEE

The purpose of the New Business and Product Committee is to assess all new business, product and service proposals raised by various Garanti business units, subsidiaries or third parties, as well as to evaluate their ability to manage the demand process, implementations and risks involved in new business, products and services along with the control and management environment. The Committee is also charged with reviewing all new business, products and services. The Committee's responsibilities are as follows:

- Evaluate the fitness of all proposed new business, products and services to the Bank's strategy and target risk profile, and approve/reject these proposals in accordance with the New Business Product Committee Bylaws and the New Business and Product Approval Guidelines and submit them to the Board of Directors for approval as necessary,
- Conduct an ongoing review of each new business, product or service for a minimum period of 12 months following their

launch in order to ensure their proper implementation (in this context, the Committee may revoke the approval of a previously approved product or service, or halt the introduction of a product/discontinue a product in use),

- Summarize and inform on its deliberations and decisions, as appropriate, to managers within affected business lines, the members of senior management, and Board of Directors Risk Committee,
- Monitor the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and take action to keep them up-to-date.

In 2018, the Committee held three meetings.

Committee Members

M. Cüneyt Sezgin, v (Board Member), Aydın Güler (EVP), İlker Kuruöz (EVP), Aydın Düren (EVP), Ali Temel (Chief Credit Risk Officer), Özlem Ernat (Head of Risk Management), Barış Gülcan (Director), Emre Özbek (Director), Beyza Yapıcı (Director), Osman B. Turgut (Head of Internal Audit)

CORPORATE ASSURANCE COMMITTEE

The objective of the Corporate Assurance Committee is to inform the senior management about the internal control issues that may pose an obstacle to the achievement of the goals of related business lines and/or our Bank due to their current or possible effects, and to secure necessary action by, and guidance from, the senior management for the solution of these issues. All internal control findings and issues that are considered to have priority given their impact upon the Bank or their urgency, including but not limited to those related first and foremost to compliance, financial reporting, risk management, operational risk, reputation risk, technology and fraud fall under the scope of the Committee's activities.

The Committee's responsibilities are as follows:

- Ensure top-level coordination and maximum standardization for necessary improvements to the internal control system by focusing on critical risks and controls that needs top management's monitoring,
- Discuss the internal control problems/issues on its agenda and under its responsibility, and evaluate proposed measures and actions,
- Monitor mitigation of risks to a desired level by reviewing the action plans,

- Ensure necessary coordination in case of the need for contribution from different units,
- Inform the Board of Directors about the main internal control problems.

In 2018, the Committee held four meetings.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Ali Fuat Erbil (CEO, Board Member), Didem Dinçer Başer (EVP), Cemal Onaran (EVP), Selahattin Güldü (EVP), B. Ebru Edin (EVP), Osman Tüzün (EVP), İlker Kuruöz (EVP), Aydın Güler (EVP), Aydın Düren (EVP), Mahmut Akten (EVP), Ali Temel (Chief Credit Risk Officer)

RESPONSIBLE BUSINESS COMMITTEE

The Committee aims to guarantee that Responsible Business is integrated into the banking functions and into the strategic priorities of the Bank, and to systematically ensure that Garanti puts stakeholders at the center of decision-making processes. The Committee's responsibilities are as follows:

- Monitor Responsible Business trends globally and the development of Responsible Business within the BBVA Group; evaluate how these trends and developments can be aligned and implemented at Garanti, and steer the development of Responsible Business across Garanti Bank,
- Provide direction for the preparation of the Responsible Business Plan (RBP), its KPIs and approve them,
- Monitor updates on all initiatives within the RBP, their KPIs; request changes to the RBP as necessary and/or assess/approve suggested changes,
- Ensure correct and timely execution of the actions plans within the RBP,
- Review and approve the general Community Investment Plan and the RB Communications Plan,
- Monitor the TCR Plan and its accomplishments; make proposals to the TCR plan to be reviewed by the Customer Committee,
- Provide direction for the development of the Responsible Business Policies and Strategy, review and approve them; review and approve the Responsible Business reports and/or the Responsible Business-related sections of the Annual Reports.

In 2018, the Committee held one meeting.

Committee Members

M. Cüneyt Sezgin, PhD (Board Member), Ali Fuat Erbil (CEO, Board Member), Didem Dinçer Başer (EVP), B. Ebru Edin (EVP), Cemal Onaran (EVP), Osman Tüzün (EVP), Aydın Güler (EVP), Aydın Düren (EVP), Mahmut Akten (EVP), Burçin Bıkmaz (Director), Elif Güvenen (Director), Hülya Türkmen (Director), Emre Hatem (Director), Mustafa Sağlık (Director), Handan Saygın (Director), Nazlı Çakıroğlu Boysan (Manager)

INNOVATION COMMITTEE

The aim of the Committee is to help increase the Bank's focus on innovation and to ensure more effective prioritization of innovative projects. In this context, projects approved by the Innovation Committee will be prioritized for all other Bank's processes and committees (PSM, New Business and Product Committee, etc.) so as to realize them quickly. The Committee is responsible for:

- Make available the setting and the resources that will guarantee collection and consideration of the personnel's innovative solution suggestions in the most efficient manner possible.
- Determine topics to focus on periodically. Innovation and Digital Banking teams organize internal and external training programs, workshops and events centered on these topics and encourage development of products, services and processes specific to such topics.
- Decide whether to realize or not projects linked to the topic or stand-alone projects coming through the innovation pipeline as well as their priority. Those projects that are prioritized and handled by the Project Strategy Meeting are automatically prioritized at the PSM and resource allocation is made for those that will be outsourced.

In 2018, the Committee held two meetings.

Committee Members

Ali Fuat Erbil (CEO, Board Member), Didem Dinçer Başer (EVP), İlker Kuruöz (EVP), Işıl Akdemir Evlioğlu (CEO, GÖSAŞ), Cemal Onaran (EVP), Mahmut Akten (EVP), B. Ebru Edin (EVP), Bora Uludüz (Director), Tutku Coşkun (Director), Hazal Özgüven (Director), Serhan Pak (Director), Fatih Bektaşoğlu (EVP, GT), Reha Emekli (EVP, GT), Kıvanç Fidan (Director), Hülya Türkmen (Director), Mustafa Sağlık (Director), Hakan Öger (Director), Ceren Acer Kezik (Director), Kerem Ömer Orbay (Director),

Seçkin Çağlın (EVP, GÖSAŞ), Burçin Bıkmaz (Director)

RISK MANAGEMENT COMMITTEE

The objective of the Risk Management Committee is to develop the strategies, policies, procedures and infrastructures required to identify, assess, measure, plan and manage material risks faced by the Bank in the ordinary course of business, within its delegated authority. The Committee is responsible for:

- Development of the Enterprise Risk Management architecture, which includes the establishment of a risk appetite framework, a model governing the organization and governance of the function, a risk identification and monitoring model and the infrastructures and processes required to efficiently and transparently manage the risks,
- Identification, assessment, measurement, planning and management of risks the Bank is exposed to,
- Assessment of economic capital adequacy of the Bank both in the ordinary course of business and in stress scenarios,
- Monitoring and analysis of all significant matters related to the Bank's risk exposure on an ongoing basis,
- Providing guidance to the Bank's management concerning significant risk-related matters,
- Overseeing the risk framework and performance of the Bank's subsidiaries and affiliates,
- Promoting and developing a risk culture throughout the organization,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held 24 meetings.

Committee Members

Ali Temel (Chief Credit Risk Officer), Serhan Pak (Director), Mustafa Tiftikçioğlu (Director), Alper Eker (Director), Özlem Ernar (Head of Risk Management), Berkay Emekli (Director)

WHOLESALE CREDIT RISK COMMITTEE

Wholesale Credit Risk Committee has been set up to define the framework for wholesale credit risk implementations, to integrate this framework into management practices and to monitor its performance. The Committee is responsible for:

- Approving wholesale credit risk strategies and policies, or submitting them for approval,
- Monitoring the quality and performance of wholesale portfolios and evaluating risk strategies and policies with respect to their efficiency, profitability and productivity,
- Approving risk-related decisions or requests received from other units and/or regulatory authorities, or submitting them for approval,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held 16 meetings.

Committee Members

Mustafa Tiftikçioğlu (Director), Adnan Kesim (Director), Atilla Sütgöl (Director), Ebru Topbaş (Director), Gülay Tok Başak (Director), Levent Kirazoğlu (Director), Nuriye Bozkurt (Manager), Ekrem Özay (Manager), Yeliz Buyan* (Manager), Muhsin Sıgınak* (Manager), Dilek Dalda* (Manager), Senem Irmak* (Manager), Ömer Yolboğa* (Manager), Gözde Şener* (Manager), Duygu Okdemir Cangül* (Manager)

(*) At least two of the managers attend the meetings.

CREDIT ADMISSION COMMITTEE

The Credit Admission Committee has been set up to approve, or propose for approval to Garanti Bank's governing bodies, credit proposals or financial programs in accordance with its delegated authority and the requirements stated in the Credit Risk Delegation Rule. The Committee is responsible for:

- Approving the credit proposals within its authorized limits, and submitting credit proposals that exceed the delegated authority of the Chief Credit Risk Officer to management bodies for approval,
- Overseeing whether the credit risks falling under its delegated authority are duly subjected to assessment and scoring process in line with the Bank's policies and procedures,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held 48 meetings.

Committee Members

Ali Temel (Chief Credit Risk Officer), Mustafa Tiftikçioğlu (Director), Alper Eker* (Director), Levent Kirazoğlu (Director), Gülay Tok Başak (Director), Kerem Akça*** (Director), Yeliz Buyan** (Manager), Muhsin Sıgnak** (Manager), Dilek Dalda* (Manager), Gözde Şener* (Manager), Senem Irmak** (Manager), Ömer Yolboğa** (Manager), Duygu Okdemir Cangül** (Manager), İbrahim Şanlı*** (Manager)

(*) Participates when retail proposals are submitted to the Committee.

(**) Participates for proposals in his/her own portfolio.

(***) Non-voting committee member.

RETAIL CREDIT RISK COMMITTEE

The Committee has been set up to define the Bank's retail credit risk framework, to integrate the framework into management and to monitor its performance. The Committee is mainly responsible for:

- Approving, or proposing for approval, risk strategies and policies in relation to retail credits,
- Monitoring the performance of the retail portfolio; evaluating the efficiency of risk strategies and policies and their effect on profitability and productivity,
- Considering the requests from/to other units or regulators, and submitting credit risk decisions, including credit transactions, for approval,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held 12 meetings.

Committee Members

Alper Eker (Director), Pinar Denizaşan (Director), Faruk Ergin (Director), Teoman Alponat (Director), Şeyda Güröğlü Kan (Director)

RISK TECHNOLOGY AND ANALYTICS COMMITTEE

The Committee has been set up to develop a suitable framework for risk models and technology tools at Garanti Bank. The Committee addresses all risk types and the entire risk cycle. The Committee is responsible for:

- Ensuring the quality, adequacy and consistency of models and model parameters across the Bank,
- Monitoring risk tools roll-outs (including functional definitions and conformity to regulatory/economic milestones) as well as areas for improvement,
- Making sure that adequate technological infrastructure is in place to enhance the risk area and following up technology projects deemed appropriate by the Bank,
- Taking action to keep the policies, procedures, regulations and similar documents under its responsibility up-to-date.

In 2018, the Committee held 18 meetings.

Committee Members

Serhan Pak (Director), Mustafa Tiftikçioğlu (Director), Alper Eker (Director), Özlem Ernar (Head of Risk Management), Berkay Emekli (Director), Burcu Çalicioğlu (Manager)

DISCIPLINARY COMMITTEE

The goals and responsibilities of the Disciplinary Committee are as follows:

- Reviewing and deciding on the matters referred to it based on the relevant articles of Garanti Code of Conduct and Personnel Regulation,
- Examining, sua sponte, acts and practices, if any, that are established to be contrary to the laws, banking customs, Garanti Code of Conduct, Personnel Regulation, the Bank's circulars, announcements or procedures (requesting an examination by the Internal Audit Department in cases where it deems necessary), and implementing the administrative sanctions set out in the Personnel Regulation,
- Ensuring that the personnel adheres to Garanti Code of Conduct, both in their behaviors and their practices, and undertaking the function of monitoring such adherence and acting as a an authority championing the Code of Conduct across the Bank and before the employees,
- Taking measures against all sorts of acts and practices that might lead to an erosion of the Bank's reputation and image in view of the laws, public opinion and our customers, and announcing these measures throughout the Bank,
- Ensuring that necessary measures are adopted by relevant units for remedying the systemic problems or hitches in work flow processes or general practices as observed in the files

on its agenda, and guiding the concerned subsidiaries and overseeing the measures taken.

In 2018, the Committee held two meetings.

*Committee Members **

Osman Tüzün (EVP), Aydın Düren (EVP), Aydın Güler (EVP), Cemal Onaran (EVP), Mahmut Akten (EVP), Selahattin Güldü (EVP), Ali Temel (Chief Credit Risk Officer), Sibel Kaya (Director), Osman B. Turgut (Head of Internal Audit), Barış Gülcan (Director), Şevki Ögüt (Assistant Directors of Internal Audit), Koray Öztopçu (Branch Manager), Gültekin Keskin (Regional Manager), Cenk Özsezginler (Regional Manager), Ali Aktan (Manager, Assistant Legal Counsel), Murat Özdemir (Manager), Görkem Kiran Dumlu (Manager)

*Different Regional Managers and Branch Managers are assigned as members every year.

INFORMATION SECURITY COMMITTEE

The goals and responsibilities of the Information Security Committee are as follows:

- Coordinating efforts to guarantee Information Security,
- Contributing to the formulation of the information security policy and other policies concerning the subdomains of information security; overseeing the functionality of the system; and assessing and deciding on suggested improvements,
- Providing information about information security projects and certification processes,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held one meeting with the required quorum.

Committee Members

İlker Kuruöz (EVP), Şenol Karahasan (EVP, GT), Ferda Özge (EVP, GT), Eray Kaya (EVP, GT), Fatih Bektaşoğlu (EVP, GT), Aydın Küçükkarakaş (EVP, GT), Şebnem İpekçi (EVP, GT), Reha Emekli (EVP, GT), Kutluhan Apaydın (EVP, GT), Özgür Tüzemen (EVP, GT), Burak Erkek (Assistant Head of Internal Audit), Korcan Demircioğlu (Director), Barış Gülcan (Director), Hazal Özgüven (Director), Tutku Coşkun (Director), Orhan Veli Çaycı (Director), Tolga Konu (Director, GT), Cihan Subaşı (Director, GT), Ümit

Malkoç (Director, GT), Bekir Özmen (Manager, GT), Şebnem Arasıl (Manager, GT), Sibel Kaya (Director), Kerem Aslandağ (Manager, GT)

LOCAL BENEFITS COMMITTEE

The Local Benefits Committee aims to ensure that decisions regarding fringe benefits are made centrally, with the participation of HR, Finance/Accounting and Risk representatives. The Committee is responsible for:

- Ensuring that decisions regarding fringe benefits are made centrally, with the concurrence of all representatives and are in line with the Bank's business goals,
- Reporting the local committee's decisions to the global committee, and getting approval for them,
- Benchmarking against the market before a new fringe benefit proposal is approved and reviewing the same from the perspective of Finance/Accounting, Risk and Compliance,
- Controlling the production of consolidated accounting reports of fringe benefits,
- Aligning the investment policy of Garanti Bank Retirement Fund with BBVA's standards,
- Monitoring the policies, procedures, regulations and similar documents under its responsibility with respect to necessary updates, and taking action to keep them up-to-date.

In 2018, the Committee held one meeting.

Committee Members

Osman Tüzün (EVP), Aydın Güler (EVP), Ali Temel (Chief Credit Risk Officer), Özlem Ernat (Head of Risk Management), Sibel Kaya (Director)

IT RISK AND INTERNAL CONTROL COMMITTEE

IT Risk Committee has been established to coordinate the tasks related to IT Risk Management and IT Internal Control Management. This committee contributes to the establishment of the IT Risk and IT Internal Control Management Policy, Procedure and process documents and also to the formation of other necessary processes, monitors the functioning of the IT Risk Management and IT Internal Control processes and assesses and decides on improvement suggestions. The Committee's responsibilities are:

- Determination of IT risk and IT internal control management strategy,
- Determination of the scope of IT risk and IT internal control management and making related plans,
- Assessing the threats and risks revealed by IT risk analysis, identification of actions to be taken,
- Assessment of IT risk and IT internal control management outputs and following up related actions,
- Reviewing policies and procedures related to IT risk and IT internal control management; working on updating and compliance issues.

In 2018, the Committee held four meetings.

Committee Members

İlker Kuruöz (EVP), Aydın Küçükkarakaş (EVP, GT), Şenol Karahasan (EVP, GT), Ferda Özge (EVP, GT), Eray Kaya (EVP, GT), Fatih Bektaşoğlu (EVP, GT), Reha Emekli (EVP, GT), Kutluhan Apaydın (EVP, GT), Şebnem İpekçi (EVP, GT), Ümit Malkoç (Director, GT), Cihan Subaşı (Director, GT), Tolga Konu (Director, GT), Kerem Aslandağ (Manager, GT), Şebnem Arasil (Manager, GT), Bekir Özmen (Manager, GT), Süheyl Hamavioğlu (Specialist, GT), Dilara Şen (Specialist, GT), Ece Nesli Korkmaz (Specialist, GT)

CREDIT CARDS AND MEMBER MERCHANTS PRICING COMMITTEE

The Committee aims to assess the pricing recommendations of GÖSAŞ within the framework of pricing principles defined in line with the Bank's credit cards and member merchants strategy and policies, and to ensure that the defined pricing (levels/amounts) is implemented by Credit Cards and Member Merchants Coordination Department. The Committee's responsibilities are as follows:

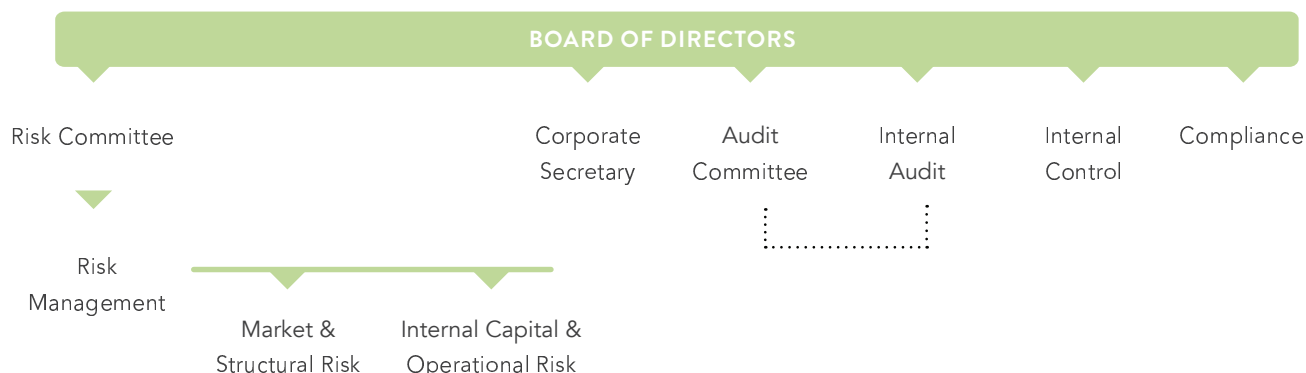
- Assess the pricing proposals made within the margins determined by the Bank's credit cards & member merchants principles,
- Evaluate current market conditions,
- Evaluate current situation related to pricing and trade commission of networking BKM (Interbank Card Center), VISA, Mastercard.

In 2018, the Committee held two meetings.

Committee Members

Alpaslan Özbey (Director), Cem Dal (EVP, GÖSAŞ), Özgür Altan (EVP, GÖSAŞ), Seçkin Çağlın (EVP, GÖSAŞ)

INTERNAL SYSTEMS GOVERNANCE



The Risk Committee is composed of the members of the Board of Directors, and is responsible for overseeing risk management policies and practices, their alignment with strategic goals, capital adequacy and planning, and liquidity adequacy, as well as the management's ability to assess and/or manage various risks inherent in the operations.

Risk Management is composed of "Internal Capital and Operational Risk Department" and "Market and Structural Risk Department" under the execution and management of the Head of Risk Management, and Validation, Credit Risk Control and Risk Management Control functions.

THE RESPONSIBILITIES OF THE HEAD OF RISK MANAGEMENT ARE OUTLINED BELOW:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, and make sure that an integrated risk management system is implemented which measures all of the Bank's risks collectively, which guarantees that limits determined in connection with the risk appetite approved by the Board of Directors are not breached, which is in compliance with applicable legislation, the Bank's strategies and policies, and which pursues risk-return relationship and entail control and validation activities,
- Define, measure, monitor and report risks, and ensure that

all control activities are conducted thoroughly and timely; monitor and supervise results.

THE RESPONSIBILITIES OF INTERNAL CAPITAL AND OPERATIONAL RISK DIRECTOR ARE OUTLINED BELOW:

- Propose operational risk, operational risk underwriting and risk appetite principles which are then set down by the Board of Directors,
- Conduct measuring, monitoring and analysis activities for risk appetite, operational risk, operational risk underwriting and capital adequacy; report their results regularly to relevant units, committees and senior management,
- Coordinate the ICAAP business process,
- Oversee adherence to Enterprise Risk Management Framework in affiliates; ensure that an infrastructure for defining, measuring, monitoring and controlling risks is in place.

THE RESPONSIBILITIES OF MARKET RISK AND CREDIT RISK CONTROL DIRECTOR ARE OUTLINED BELOW:

- Propose market, counterparty credit, liquidity, structural interest rate and exchange rate risk principles which are then set down by the Board of Directors; review and update the same,
- Carry out risk-based measuring, monitoring and analysis activities; report their results regularly to relevant units, committees and senior management,
- Perform market and structural risk-based activities within the

scope of ICAAP, stress testing and risk appetite framework, and risk assessment for new business and product/services; monitor and report risk based concentrations

- Monitor affiliates' adherence to Enterprise Risk Management Framework; ensure that an infrastructure for defining, measuring, monitoring and controlling risks is in place.

THE INTERNAL AUDIT DEPARTMENT

Annual audit plans are prepared based on a risk-oriented approach and by determining internal risk and control levels of the Bank's business lines and subsidiaries regarding fundamental risk types, and in view of the goals and strategies of the Bank and priorities determined by the Board of Directors and Audit Committee. Scopes and frequencies of audit activities are determined in the light of multi-factor horizontal and vertical analyses with the aim of providing maximum contribution to the Bank.

Risk-based audit model is implemented with an innovative approach by the IAD and risk-based process audits are being performed in 11 different risk types (business model risk, internal governance and risk management, capital risk, credit risk, market risk, structural risk, operational risk, legal risk, compliance risk, technology risk, external risks) by covering head office units, domestic branches, foreign branches and subsidiaries. With this approach, the effectiveness of internal audit is increasing and contributes to the Bank's total risk management quality:

1. Within the scope of business model risk audits, focus is placed on business model viability, business model sustainability and strategy.
2. Within the scope of internal governance environment and risk management audits, focus is placed on corporate governance, organizational framework and risk control framework, including procedures, duties and responsibilities.
3. Within the scope of capital risk audits, focus is placed on legal capital adequacy ratio and assessment of internal capital adequacy.
4. Within the scope of the credit risk audits, focus is placed on governance and risk management structure for credit risk, thresholds and limit structure and measurement, and loan portfolios and credit processes that have been established are audited.
5. Within the scope of market risk audits, focus is placed on management framework, measurement, modeling and monitoring.

6. Within the scope of structural risk audits, focus is placed on management framework, measurement, modeling and monitoring regarding exchange rate risk, structural interest rate risk and liquidity risk.

7. Within the scope of operational risk audits, focus is placed on banking processes, non-banking processes, enterprise processes, operations, channels, data governance and data quality, digital transformation and CIB, while both onsite and remote audits are performed at branches and related head office units.

8. Within the scope of legal risk audits, focus is placed on regulations, tax legislation, labor law, other regulations and contractual risks regarding financial reporting and financial statements.

9. Within the scope of compliance risk audits, focus is placed on compliance risk management model, ethical standards and legal regulations, such as money laundering and financing of terrorism, customer protection and personal data protection.

10. Within the scope of technology risk audits, focus is placed on IT infrastructure, IT operations, management of risks associated with IT, software development, business continuity & systems recovery, information security and cybersecurity.

11. Within the scope of extended enterprise risk audits, focus is placed on support services organizations, procurement processes, and outsourcing management.

The Internal Audit Department audits Garanti Bank's head office units, branches and consolidated subsidiaries by evaluating the effectiveness of the internal control systems with respect to the headings below:

- Compliance of activities with applicable legislation and internal regulations;
- Accuracy and reliability of financial and operational data;
- Effectiveness of asset protection practices;
- Effectiveness and efficiency of the activities performed in order to reach the defined goals.

As per the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process issued by the BRSA, parent banking companies are expected to perform and coordinate the internal audit activities of consolidated entities in a consolidated manner.

Accordingly, the Internal Audit Department audits the Bank's consolidated subsidiaries in line with the annual audit plan by taking prominent risks into account. Moreover, the Internal

Audit Department oversees the activities for putting into life the group standards adopted within the frame of internal audit implementations at consolidated subsidiaries.

By way of inquiries and investigations covered among the activities of the Internal Audit Department, fraud, swindling and counterfeiting activities are prevented or detected, upon which necessary managerial actions are taken immediately.

THE INTERNAL CONTROL UNIT

The Internal Control Unit is responsible for the establishment and coordination of a sound internal control environment within Garanti Bank. The unit ensures that banking activities are carried out in accordance with the management strategies and policies in a regular, efficient and effective manner within the existing regulatory framework and guidelines.

Within the applied internal control model that is structured according to three lines of defense principles, controls are identified by the first line of defense teams in the business units by taking the relevant risks into consideration. There is a process in place whereby the results of control activities are reported from business units to the relevant second line of defense functions. In this model, the Internal Control Unit ensures the proper execution of control activities performed within the Bank by implementing a common methodology.

On-site control activities are carried out at the branches (including branches abroad) and regional directorates. Regarding the head office departments, the related control activities which are conducted within the business/support units are monitored and challenged in order to ensure their timely, thorough and accurate performance. On-site branch visits are intended to raise awareness of risks associated with internal fraud and compliance control activities, in addition to operational risks.

The IT Controls team, set up within the Internal Control Unit, monitors the secure performance of IT functions in accordance with the guidelines set by the Bank. The team defines internal control steps for IT processes, and subjects them to control activities in accordance with predefined control items, methodology and tools. Findings and systemic deficiencies identified on the basis of control activities are analyzed, the outcomes are interpreted, and new systemic controls are set up.

The recommendations regarding the identified gaps are reported to relevant parties and actions are followed up.

In addition to the above, the Internal Control Unit had the internal control model in place at the Bank established in the Bank's financial affiliates in 2018. The responsibility for monitoring the operation of the said model has been fulfilled by the Internal Control Unit.

THE COMPLIANCE DEPARTMENT

Working with the purposes of managing the potential compliance risks of the Bank and of identifying and preventing these risks before implementation, the Compliance Department aims to help improve the compliance culture constantly and establish a world class compliance culture across the Bank. The Compliance Department carries out the following tasks.

The Compliance Officer performs the following duties as also stipulated by the regulations governing prevention of money laundering and countering the financing of terrorism:

- Carry out all necessary efforts to achieve Garanti Bank's compliance with the regulations issued to prevent money laundering and countering the financing of terrorism and provide necessary coordination and communication with the Financial Crimes Investigation Board (in Turkish: MASAK),
- Ensure that the Compliance Program is carried out; develop policies and procedures within this scope; execute risk management, monitoring and control activities; follow up the results of internal audit and training activities,
- Lay down the efforts related to the training program about prevention of money laundering and countering the financing of terrorism for the approval of the Board of Directors, and ensure that the approved training program is carried out effectively,
- Look into and evaluate information on potentially suspicious transactions that he/she receives or becomes aware of sua sponte; report any transaction that he/she deems to be suspicious to the Financial Crimes Investigation Board,
- Manage relations with relevant governmental or private agencies.

In terms of compliance activities regarding customer products and services, assessments are made on the compliance of products and processes to applicable regulations. Activities are carried out in relation to compliance controls in accordance with

the requirements of Article 18 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks. The control mechanisms in place are monitored and coordinated with respect to compliance of the Bank's current and planned activities, new transactions and products with the laws, internal policies and guidelines, and banking practices. The processes are monitored for any necessary revisions according to regulatory changes, related employees are notified on such changes, and opinions are formed prior to introduction of new products and transactions.

With respect to corporate compliance activities, the Compliance Department is responsible for promoting awareness of "Garanti's Code of Conduct" approved by the Board of Directors in 2015, encouraging adherence to the Code, ensuring development and dissemination of the procedures to be formed in the context of the Code, and helping resolve any doubts that may arise during the interpretation of the document.

Announced with a message from the CEO, the document is available on the intranet accessible to all employees and is also made public on Garanti Investor Relations website. Garanti's Code of Conduct provides a comprehensive description of the employees' responsibilities towards customers, other employees, business and the society. To date, 36,009 hours of "Garanti Code of Conduct Training" were delivered, which is designated as a mandatory training to all Garanti employees.

The Compliance Department manages the Whistleblowing Channel, which is established to report any noncompliance to Garanti's Code of Conduct and forms an essential part of our compliance system. The channel is also a resource to assist the employees to report transgressions that they observe or which are reported to them by their team members, customers, suppliers or colleagues. Communications through this channel include, but are not limited to, the reporting of suspicious illegal conduct or professionally unethical conduct. In case of an actual or suspected breach of Garanti's Code of Conduct, the incident should be reported immediately via the Garanti Whistleblowing Channel, by e-mail at etikbildirim@garanti.com.tr or by telephone at +90 212 318 2375. The Compliance Department, responsible for managing the Whistleblowing Channel, processes all reports received carefully and promptly, ensuring they are investigated and resolved in accordance with the Whistleblowing Channel management procedures. Information is analyzed objectively,

impartially and confidentially. The identity of the person who reported is kept confidential. The information is made known only to those departments whose cooperation is necessary for the investigation process. The result of the investigation is communicated to the departments that need to take appropriate measures to correct the transgression, as well as to the person being reported and the reporter, as appropriate. During the investigation process, personnel are expected to cooperate with the Compliance Department and other related parties, and are required to maintain confidentiality about their involvement in the process and any information about the subject. Nobody, who reports any facts or activities through the Whistleblowing Channel in good faith, will be the target of reprisal nor will they suffer any other adverse consequence as a result. Garanti's Code of Conduct also includes incidents of conflict of interest and aspects that would prevent employees' professional behaviors from being affected thereby.

Securities compliance activities encompass examination of suspicious transactions within the scope of the Capital Markets Board (CMB) Communiqué on Obligation of Notification Regarding Insider Trading and Manipulation Crimes. Procedures are being established regarding own-account trading and use of privileged information by the Bank employees who may have insider information or periodic information about capital market instruments or issuers, due to performing their jobs, professions and tasks. In addition, relevant legislation and internal guidelines are also monitored.

With respect to subsidiaries' coordination activities, the Compliance Department monitors the compliance activities at the Bank's subsidiaries and overseas branches. In this respect, meetings are held regularly with those who are responsible for the compliance function at the related subsidiaries and overseas branches. In line with the related legislation, an employee is assigned at each of the consolidated subsidiaries and overseas branches for monitoring compliance with local regulations; these employees submit periodic reports to the Compliance Department.

In performing all of its duties and responsibilities outlined above, the Compliance Department continues to work in coordination primarily with the Internal Audit Department, Internal Control Unit, Training Department, Anti-Fraud Monitoring Department and Legal Department, as well as other relevant units and people.

RISK MANAGEMENT

IDENTIFIED RISKS AND OUR RESPONSE

REPUTATIONAL RISK

The Bank identifies, evaluates and manages its reputational risk, avoiding all kinds of transactions and activities that would cause reputational risk in the eyes of customers, legal authorities and other stakeholders. Trainings are held with the aim of raising awareness about reputational risk throughout the Bank and encouraging all employees to fulfill their duties and responsibilities.

In order to ensure efficient management of reputational risk across the Bank, it is aimed to monitor the Bank's reputation and reputational risk through a methodological approach and take all necessary precautions before the reputational risk occurs. Through this methodology, the Bank regularly defines and reviews a map in which it prioritizes the reputational risks it faces, together with a set of action plans to mitigate these risks. It defines key risk indicators for each risk factor to regularly monitor the strength of the risk mitigation. The risks and risk factors are defined in dimensions such as customer-centeredness, workplace, ethics and citizenship, finances and leadership.

Additional efforts carried out to monitor reputational risk include monitoring the media, the press and social media platforms with respect to the Bank's reputation, conducting a regular reputation analysis and managing potential impacts; ensuring continued awareness of compliance with laws, corporate standards, Codes of Conduct and best practices, and development of processes that guarantee management of IT/information security and IT-related risks.

Reputational risk factors cover many aspects from marketing practices, customer service to product terms and are governed through the relevant committees within the Bank's extensive committee structure.



Please refer to the Committees Section for detailed information.

ENVIRONMENTAL AND SOCIAL RISK

Banks, in particular, face risks associated with occupational health and safety and with financing activities that could result in adverse impacts on the environment and society. Failure to address these risks in a timely and appropriate manner may result in reputational damage and consequently a loss of investor support and customer loyalty, among other challenges. Garanti Bank sees its proactive management of these risks, such as those arising from climate change, not only as critical to its success but also as one of its most essential duties to its stakeholders. Through its effective approach to sustainability embedded throughout its organization, Garanti Bank monitors a variety of environmental and social indicators, benchmarks itself against best practices worldwide, takes steps to close the gap, raises the awareness of employees and collaborates with its peers, financial institutions, customers and business associations.

Garanti also implements an Environmental and Social Risk Assessment Process (ESRAP) in line with international best practices to help drive improvement across its loan portfolios. The Bank implements a system designed to evaluate the Occupational Health and Safety (OHS) performance of the projects financed in addition to ESRAP.

Within the scope of ESRAP, Garanti ensures that the projects financed by the Bank satisfy the social and environmental standards required by legislation and the Bank's policies. If necessary, the Bank also ensures that the project owners undertake an impact assessment, take prescribed measures and establish effective control mechanisms.

Garanti has a full-time Sustainability Team, which comprises of 5 full-time members and is responsible for embedding sustainability criteria into core business. Reporting to the

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM IMPLEMENTATION SCOPE¹

	COMPLIANCE WITH OUR FUNDAMENTAL POLICIES ² AND LEGISLATION	ADVANCED ENVIRONMENTAL AND SOCIAL CRITERIA	DESCRIPTION
CONSUMER LOANS	100%	0% ³	BSAs ⁴ address compliance with our fundamental policies and legislation. Advanced Environmental and Social Criteria are not applicable to this segment. Yet, there are a number of practices regarding our customers' financial health within the scope of our Bank's plain, transparent and responsible banking practices. 18 of 34 products and loans aimed at this segment are related to financial health and inclusion.
SME LOANS	100%	Partial	BSAs and GLAs ⁵ address compliance with our fundamental policies and the legislation. More detailed criteria specific to a given transaction may be applicable under various borrowing agreements.
COMMERCIAL LOANS	100%	Partial	BSAs and GLAs address compliance with our fundamental policies and legislation. Loans above the limit values ⁶ specified in the related Risk Management System are subjected to advanced environmental and social criteria. The Green Loan structure may introduce additional criteria specific to a given deal.
CORPORATE LOANS	100%	Partial	BSAs and GLAs address compliance with our fundamental policies and legislation. Loans above the limit values specified in the related Risk Management System are subjected to advanced environmental and social criteria. The Green Loan structure may introduce additional criteria specific to a given deal. Additionally, Sector Norms ⁷ are applied.
MORTGAGE LOANS	100%	Partial	BSAs address compliance with our fundamental policies and legislation. Additional environmental criteria are applied for Green Mortgage. The share of these loans to the total mortgage portfolio reached 0.4% at year-end 2018.
PROJECT FINANCE LOANS	100%	100%	In addition to addressing compliance with general policies and legislation, advanced environmental and social criteria were applied to deals associated with investments above USD 10 million and satisfying certain other criteria. Deals that were subjected to these criteria, under which Garanti provided information and experience about environmental and social matters to its customers, constituted 57% of total project finance deals. A decision was adopted to apply advanced environmental and social criteria to all project finance deals without any exceptions from December 2018, hence coverage reached 100%.

¹ Based on systems that were in place as at 31 December 2018. ² Our fundamental policies include the list of prohibited environmental and social activities. ³ Not applicable.

⁴ Banking Service Agreements. ⁵ General Loan Agreements. ⁶ Limit is determined according to the following criteria: The substantial portion of the loan must be for the project in which the borrower has effective control. / Total loan amount is USD 100 million and higher. / Garanti Bank's participation is USD 50 million minimum. / The minimum term is two years. / The lender pays attention that the payment is sourced from the revenues derived from the project. ⁷ For detailed information, refer to the Bank's Investor Relations website, Management of Our Environmental and Social Risks section.



For detailed information about ESIAP and sustainability management, please refer to our Bank's Investor Relations website Environmental and Social Loan Policies section.

Sustainability Committee chaired by a Board Member, the Team's responsibilities regarding the management of environmental and social risk and occupational health and safety risk include the following: verify environmental and social risk management policies, strategy and implementation principles; ensure that risk management principles are widely embraced throughout Garanti and its subsidiaries through hard and soft controls; provide technical and implementation support on E&S risk-related measures to other departments as well as customers. Garanti Bank's Wholesale Credit Risk Management Unit is also responsible for ensuring the effective implementation of Environmental and Social Impact Assessment Process (ESIAP).



For more information on the Environmental and Social Risk Management System Implementation Scope, please refer to page 155.

OPERATIONAL RISK

Operational risk is managed on the basis of the three lines of defense approach within the framework of risk management policies approved by the Board of Directors. The Board of Directors issues the risk appetite for operational risk and related limits, and senior management ensures consistent and efficient implementation and maintenance of the operational risk management framework in relation to all activities, processes and products.

First line of defense, composed of business and support areas, is responsible for the primary management of operational risk in the products, activities, processes and systems within the frame of the Bank's policies and implementation principles.

Second line of defense is fulfilled by the Internal Control Unit, Risk Management and Compliance Department functions, which are independent units that report directly to the Board of Directors. In addition, units that have responsibility in relation to factors with a potential direct and/or indirect impact on the Bank's general operational risk level (Financial Reporting and Accounting Department, Anti-Fraud Monitoring Department) provide support, to the extent necessary and appropriate, to the second line of defense in the management of operational risks that other units are exposed to in accordance with Article 26 of the Operational Risk Management Guide published by the BRSA. Operational Risk Management that takes place in the second line of defense establishes policy and procedures (loss data, scenario analyses, risk indicators and self-

assessment, new product and outsourcing assessment process) as part of operational risk measurement and management, and provides the necessary guidance and coordination for their use. Operational Risk Management uses the data obtained by measurement tools to generate reports.

Third line of defense, e.g. the Internal Audit Department, performs internal audit activities and independently reviews all aspects of operational risk management framework.

The definition of Operational Risk includes the following risk types: Processes, External and Internal Fraud, Technological, Human Resources, Business Practices, Disasters, Suppliers.

MARKET RISK

Market risk is measured in accordance with applicable regulations, Garanti Bank's policies and procedures, employing internationally accepted methodologies that are aligned with the Bank's structure, and they are evaluated within a continuously improving structure. Market risk is managed by measuring and limiting risk in accordance with international standards, allocating sufficient capital and minimizing risk through hedging transactions.

Market risk is defined as the risk Garanti Bank faces due to fluctuations in market prices in relation to the positions it maintains on or off its balance sheet for trading purposes, and is calculated daily using the Value-at-Risk (VaR) model. VaR is a measure of the maximum expected loss in the market value of a portfolio of a certain maturity as a result of market price fluctuations, at a specified probability within a certain confidence interval. VaR is calculated using historical simulation method and two-year historical data at 99% confidence interval. Regular backtesting is conducted to measure the reliability of the VaR model. The model is validated on an annual basis. Market Risk is managed through capital, VaR and stop/loss limits approved by the Board of Directors. Limit levels are determined according to annual profit/loss targets. The limits set are monitored and reported daily by the Market and Structural Risk Department. In order to identify the risks that might arise from major market volatilities, regular stress tests and scenario analyses are conducted using the VaR model.

STRUCTURAL INTEREST RATE RISK

To determine and manage the Bank's exposure to structural interest rate risk arising from potential maturity mismatches

in its balance sheet, duration gap, economic value of equity (EVE), economic capital (ECAP), credit spread risk, net interest income (NII), earnings at risk (EaR) are monitored by measuring market price sensitivity of securities portfolios followed up in the banking book.

The risk metrics calculated and the reports generated are used for managing balance sheet interest rate risk under the supervision of the Assets and Liabilities Committee (ALCO).

Stress tests and scenario analyses are carried out within the framework of structural interest rate risk to measure the risks resulting from Bank-specific negative developments or major risks and vulnerabilities that may potentially arise in the economic and financial environment under stress, by observing the regulatory and internal interest rate risk management requirements.

Results of stress tests are used as input for determining risk appetite, limit and budget-related works, for generating balance sheet management strategies, and for evaluating the need for capital.

Within this framework, internal alerts and limits for EVE sensitivity, ECAP, NII sensitivity, earnings at risk, securities revaluation differences, securities EVE sensitivity and credit spread risk are regularly monitored and reported. The interest rate risk in the banking book is measured on an unconsolidated basis, using the standard shock method; the regulatory limit is monitored and reported to the Banking Regulation and Supervision Agency (BRSA) on a monthly basis. It is ensured that subsidiaries set and monitor internal structural interest rate risk limits.

STRUCTURAL EXCHANGE RATE RISK

The potential impact of negative exchange rate fluctuations upon the capital adequacy ratio and FC risk-weighted assets are regularly followed up, monitored according to internal limits, and reported, in the case that the Bank performs material operations in currencies other than the local currency in its balance sheet or maintains positions for shareholders' equity hedging purposes. The analyses conducted in this framework are expanded to encompass potential sensitivities that may result from Bank-specific negative events or changes in the market by supervising the regulatory and internal structural exchange rate risk management requirements.

In addition, the Bank's FC position and the profit/loss movements resulting from this position are monitored and reported at regular intervals. It is ensured that subsidiaries set and monitor internal structural exchange rate risk limits. FX sensitivity of 12-month projected P&L is monitored.

LIQUIDITY RISK

Within the framework of liquidity and funding risk policies approved by the Board of Directors, liquidity risk is managed under the supervision of ALCO and the Weekly Review Committee in order to take appropriate and timely measures in case of liquidity squeeze arising from market conditions or Garanti Bank's financial structure. Under the liquidity contingency plan approved by the Board of Directors, Garanti monitors liquidity risk within the scope of stress indicators and thresholds anticipating potential liquidity stresses which could activate the liquidity contingency plan, activation of the communication procedure, predefined measures and action plans and roles and responsibilities in a stress situation. Liquidity risk stress test is performed in order to identify potential liquidity tensions and to ensure that the Bank has a sufficient liquidity buffer to face exceptional liquidity stresses. Liquidity risk is monitored by internal limits and alert levels in order to assess the funding structure and liquidity capacity based on maturity buckets and to manage short term funding sources effectively, while compliance with regulatory liquidity ratios is ensured. Core deposit and average life analyses are performed for deposits, which is an important balance sheet items in terms of liquidity management. Concentration in liquidity and funding risks are monitored. During 2018, intraday liquidity risk began to be monitored regularly using defined metrics. Under the contingency plan within the intraday liquidity risk procedure approved by the Risk Management Committee, situations anticipating intraday liquidity stress, which could activate the contingency plan, are monitored, and stress testing is performed for intraday liquidity risk. Within ICAAP, liquidity planning is performed annually. Stress test results for subsidiaries are monitored and it is ensured that subsidiaries which are concerned with liquidity risk establish and monitor internal liquidity and funding limits to assess the robustness of their liquidity and funding structures and have liquidity and funding risk policies approved by the subsidiaries Board of Directors including liquidity contingency plan.

CREDIT RISK

Credit risk management, which is a process for consistently

evaluating and monitoring credit risk, covers all credit portfolios. Internal capital levels calculated using internal parameters pertaining to credit risk are monitored together with their historic performances and routine reporting is performed.

Within the scope of ICAAP and stress testing, internal capital for credit risk, credit concentration risk calculations, stress tests and scenario analyses are evaluated on an annual basis. All credit units are coordinated to assess the compliance level to the credit guide, which is then referred to necessary committees for necessary decisions and actions.

Under the asset allocation performed annually in view of risk-based return, nominal limits are determined for credit portfolios, and approval of the Board of Directors is obtained. Internal capital thresholds and risk adjusted return target for the entire portfolio are determined and monitored within the framework of asset allocation limits. Impact analyses are performed according to updated or renewed risk parameters, and necessary documents are prepared, presented to related committees and approval is obtained. Additionally, development and improvement projects are carried out for the systemic automation of calculations and analyses.

In order to rate customers in the loan portfolios using objective criteria, outputs from scorecard models and internal risk rating models, which were developed using statistical methods on historical data, are incorporated into the relevant lending policies and procedures in the Bank. The probability of default produced through models for loan portfolios, loss given default, credit conversion factor, parameters are used effectively for credit allocation authorization, internal capital, risk appetite indicator, asset allocation limits, risk-based profitability calculations, budgeting, concentration risk calculations and stress tests. In addition, provisions calculated using the outputs of models mentioned above together with other explanatory variables are monitored under TFRS9.

All models and methodologies are subjected to qualitative and quantitative validation. Moreover, periodic model monitoring activities are performed and actions are taken if necessary.

COUNTERPARTY CREDIT RISK

Counterparty credit risk strategy, policy and implementation principles are defined in the policy document approved by the Board of Directors. The Bank measures, monitors and creates

limit for this risk in line with this policy. The Bank uses the Internal Model Method (IMM) to measure and report the counterparty credit risk for derivative transactions, repurchase transactions, security and commodity lending in addition to using Current Exposure Method (CEM) for regulatory purposes. Within this scope, the Bank employs risk mitigation techniques through framework agreements (ISDA, CSA, GMRA, etc.), obtaining collateral and complementing margins as part of counterparty credit risk management to the extent allowed by national and international legislation. The model is validated every year.

The Bank also calculates internal capital for counterparty credit risk by way of a model that uses parameters (Rating, PD, LGD) based on the internal model.

COUNTRY RISK

Under the country risk policy approved by the Bank's Board of Directors, methods compliant with international norms and local regulations are employed to evaluate and monitor developments in country risk on the basis of individual countries. Actions are taken to make sure that the Bank's country risk exposure remains within the set limits, and related reporting, control and audit systems are established as necessary.

CONCENTRATION RISK

The Bank defines and monitors any concentrations among different types of risks or in any individual risk, which might result in material losses that would endanger the ability to sustain fundamental activities or the financial structure or lead to a significant change in the risk profile, within the framework of the policy approved by the Board of Directors. Qualitative and quantitative assessments of concentrations on the basis of individual risks or among risks are addressed in reports produced according to risk-oriented policies and procedures.

RELATED PARTY RISKS

The Bank determines the needs for risk management of affiliates and ensures that required studies and reports with the scale appropriate for the structure, complexity level, size and risks are effectively managed in coordination with risk management units/functions in affiliates. Required studies are carried out with affiliates in accordance with market conditions and legal regulations to align risk management policies, rules, procedures and risk limits with Bank. Risk management activities of affiliates are monitored periodically.

INTERNAL SYSTEMS MANAGERS

ÖZLEM ERNART

Head of Risk Management

Özlem Ernart received her bachelor's degree in economics (in English) from Marmara University and her MBA from the City University of New York. She worked for various privately-owned banks and companies from 1993 until 2001, when she joined the Risk Management Department of Garanti Bank. She held the position of Senior Vice President of Risk Planning, Monitoring and Reporting from December 2015 until July 2018. She has been serving as the Head of Risk Management since July 2018.



The responsibilities of the Head of Risk Management are outlined below:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, and make sure that an integrated risk management system is implemented which measures all of the Bank's risks collectively, which guarantees that limits determined in connection with the risk appetite approved by the Board of Directors are not breached, which is in compliance with applicable legislation, the Bank's strategies and policies, and which pursues risk-return relationship and entails control and validation activities,
- Define, measure, monitor and report risks, and ensure that all control activities are conducted thoroughly and timely; monitor and supervise results.

BEYZA YAPICI

Director, Capital and Operational Risk

Beyza Yapıcı got his degree in labor economics from Marmara University. After joining Garanti Bank's General Accounting Department in 2001, he worked in the Risk Management Department from 2008 until 2016. Yapıcı has been serving as Capital and Operational Risk Director since April 2016.



The responsibilities of the Capital and Operational Risk Director are outlined below:

- Propose operational risk, operational risk admission and risk appetite principles which are then set down by the Board of Directors,
- Conduct measuring, monitoring and analysis activities for risk appetite, operational risk, operational risk admission and capital adequacy; report their results regularly to relevant units, committees and senior management,
- Coordinate Internal Capital Adequacy Assessment Process (ICAAP) business process,
- Oversee adherence to Enterprise Risk Management Framework in affiliates; ensure that an infrastructure for defining, measuring, monitoring and controlling risks is in place.

SIDIKA DİZDAR*Director, Market and Structural Risk*

Sıdıka Dizdar holds a bachelor's degree in mathematics from Boğaziçi University and an Executive MBA from the Middle East Technical University. She joined Garanti Bank as a Management Trainee in 1996, where she worked in Research, Treasury, Financial Control, Risk Management and Ankara Commercial Regional Marketing units until 2002. In 2002, Ms. Dizdar began working for a private bank abroad followed by a twelve-year tenure with the Banking Regulation and Supervision Agency. She returned to Garanti Bank in 2016 and joined Asset and Liability Management Department. Ms. Dizdar has been serving as the Market and Structural Risk Director since July 2018.

The responsibilities of the Market and Structural Risk Director are outlined below:

- Propose market, counterparty credit, liquidity, structural interest rate and exchange rate risk principles which are then set down by the Board of Directors; review and update the same,
- Carry out risk-based measuring, monitoring and analysis activities; report their results regularly to relevant units, committees and senior management,
- Perform market and structural risk-based activities within the scope of ICAAP, stress testing and risk appetite framework, and risk assessment for new business and product/services; monitor and report risk based concentrations,
- Monitor affiliates' adherence to Enterprise Risk Management Framework; ensure that an infrastructure for defining, measuring, monitoring and controlling risks is in place.

OSMAN BAHİRİ TURGUT*Head of Internal Audit*

Osman Bahri Turgut received his undergraduate degree in economics from Marmara University in 1990. He joined Garanti the same year as an Assistant Auditor, where he subsequently worked as Branch Manager, Assistant Director of the Internal Audit Department, Commercial Loans Senior Vice President, Internal Control Unit Manager and Head of Internal Audit and Control. He currently serves as the Head of Garanti Bank's Internal Audit Department. Turgut who has CMB certificates for Level 3(Advanced), Corporate Governance and Derivative Instrument Certificates is also a member of the Board of Directors and Audit Committee at Garanti Finansal Kiralama A.Ş. and Garanti Filo Yönetimi Hizmetleri A.Ş.; a member of the Board of Directors and Corporate Governance Committee at Garanti Faktoring A.Ş.; a member of the Board of Directors at T. Garanti Bankası A.Ş. Emekli ve Yardım Sandığı Vakfı and Garanti Kültür A.Ş.; and a member of the Audit Committee at Garanti Leasing SA, Garanti Consumer Finance SA and Garanti Ödeme Sistemleri A.Ş.

The responsibilities of the Head of the Internal Audit Department are outlined below:

- Set out internal audit policies and procedures and implement these after obtaining the necessary approvals,
- Conduct the internal audit activities in accordance with audit policies and implementation procedures and with internal audit plans,
- Oversee and guide the supervision, auditing, policies, programs, processes and practices of internal audit activities, and annual risk assessment,
- Oversee investigations that will arise with notices, complaints or allegations,
- Ensure compliance of audit and investigation reports to Bank's internal policies and procedures including internal audit procedures and laws, decrees and official communiqués,
- Verify that Department members possess the qualifications required by their authorities and responsibilities, to supervise the development of professional knowledge, skills and abilities and to oversee whether audit engagements are performed independently and objectively under professional care and attention.

EMRE ÖZBEK
Head of Compliance



Emre Özbek received his degree in business administration from Ankara University, Faculty of Political Sciences. He joined Garanti Bank as an Assistant Auditor in 1999. He was appointed as the Assistant Director of the Internal Audit Department in 2007, as the Senior Vice President of the Internal Control Unit in 2009 and as the Head of Internal Audit Department in 2014. Mr. Özbek, who holds CIA (Certified Internal Auditor) and CBRM (Certified Business Resilience Manager) certifications and has 18 years of banking experience, has been serving as the Compliance Director since August 01, 2015.

Mr. Özbek has the following responsibilities in the capacity of Compliance Director:

- Ensure that the Bank's compliance activities are carried out in accordance with applicable legislation and Garanti Bank's goals and policies,
- Carry out all necessary activities to achieve compliance with the regulations issued in relation to prevention of money laundering and financing of terrorism, and provide necessary coordination and communication with MASAK (Financial Crimes Investigation Board), Develop the Bank's compliance policies, procedures and training programs in accordance with the legislation and ensure their effectiveness; carry out activities in relation to the identification and notification of suspicious transactions; provide the preparation of statistics on internal audits and trainings and inform MASAK, and fulfill the obligation of providing information and documentation to MASAK in conformity with the manner and methods defined by MASAK,
- Within the scope of compliance controls, ensure the compliance of the Bank's all current and future activities, transactions and products with the Banking Law and other applicable legislation, internal policies and rules, and with banking practices,
- Develop recommendations for defining and mitigating compliance risks that may arise from regulatory changes,
- Monitor compliance functions of all domestic/overseas subsidiaries and overseas branches as part of Subsidiary Coordination activities.

BARIŞ ERSİN GÜLCAN
Head of Internal Control



Barış Ersin Gülcan got his bachelor's degree in economics and his master's degree in HR management from Istanbul University. After starting his career as an Assistant Auditor at Garanti Bank in 1997, he served in the Internal Audit Department for 10 years. During his 20- year experience in the banking sector, he functioned as Compliance Officer and Assistant Head of the Internal Audit Department. He assumed the position of Internal Control Unit Director in March 2014. Mr. Gülcan is a CIA (Certified Internal Auditor) since 2004 and a CPA (Certified Public Accountant) since 2005.

The responsibilities of the Internal Control Unit Director are outlined below:

- Ensure the establishment of the Bank's internal control system in accordance with applicable legislation and Garanti Bank's goals and policies,
- Collaborate with senior management to define the principles and procedures governing the distribution of internal control tasks between operational employees and internal controllers of Garanti,
- Prepare the annual business plans of the Internal Control Unit and ensure that activities are performed in accordance with these plans,
- Verify that internal controllers possess the qualifications required by their authorities and responsibilities,
- Supervise that internal controllers perform their duties in an independent, diligent and unbiased manner.

ANTI-FRAUD, INFORMATION SECURITY, DATA AND BUSINESS ANALYTICS MANAGERS

KORCAN DEMİRCİOĞLU *PhD, Head Of Anti-Fraud Monitoring*



Korcan Demircioğlu got his bachelor's and master's degrees in economics from Boğazici University and his doctorate degree in banking from Marmara University. He joined Garanti Bank as an Assistant Auditor in 2000 and rose to the position of Assistant Director of the Internal Audit Department in 2011. Serving as the Director of Anti-Fraud Monitoring Department since July 1st, 2014, Mr. Demircioğlu has 18 years of experience in the banking sector.

The responsibilities of the Anti- Fraud Monitoring Director are outlined below:

- Develop and ensure the implementation of strategies for minimizing financial and non-financial losses that may arise from external fraud,
- Prepare the annual business plans of the Anti-Fraud Monitoring Department and ensure that the Department's activities are performed in accordance with this plan,
- Evaluate whether the Department employees possess the qualifications required by their authorities and responsibilities,
- Supervise that the employees of the Anti-Fraud Monitoring Department perform their duties in an independent, diligent and unbiased manner.

AYDIN KÜÇÜKKARAKAŞ *Chief Information Security Officer*



Aydın Küçükkarakaş got his bachelor's degree in Computer Engineering from Kocaeli University. Before joining Garanti Bank, he worked at a telecommunications company in several roles for 6 years. He joined Garanti Bank as an Information Security Specialist in 2007 and was appointed to the position of Unit Manager in 2014. He serves as the IT Security and Risk Management Director since October 2017. Mr. Küçükkarakaş has 19 years of professional work experience.

The responsibilities of the IT Security and Risk Management Director are outlined below:

- Ensure the development and implementation of information security policies, procedures and guidelines,
- Ensure business continuity planning and disaster recovery testing,
- Management of IT risks based on international standards,
- Design, implement and operate IT Security infrastructure,
- Design, implement and operate Security Operations Center (SOC) including threat management, security log management and security incident management,
- Supervise that IT Security and Risk Management employees perform their duties in an independent, diligent and unbiased manner.

ALİ ÖZGÜR TÜZEMEN

*Head of Data and
Business Analytics*



Ali Özgür Tüzemen got his bachelor's degree in Economics from Bilkent University. He completed his MBA in İstanbul Bilgi University. During his 22-year career, he has worked in Retail, SME banking marketing and sales and business analysis fields. Since February 2018, he serves as the Data and Business Analytics Director.

The responsibilities of the Data and Business Analytics Director are outlined below:

- Developing analytical models for areas such as understanding customer behavior and expectations, estimating life cycles, identifying product needs and channel usage patterns, pricing, segmentation, process efficiency and fraud prevention,
- Developing and determining the data warehouse structure to help decision-making processes, creating the necessary infrastructures for reporting activities,
- Establishing reports requested by the legal authorities and external institutions,
- Determining the standards of the components of data governance, such as the assignment of data ownerships, definition and quality rules of data entities, and to coordinate the work carried out in this direction.

IMPORTANT DEVELOPMENTS REGARDING 2018 ACTIVITIES

INFORMATION ON SHARE BUYBACKS BY THE BANK

The Bank did not buy back any of its own shares in 2018.

INFORMATION ON PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED DURING THE FISCAL YEAR

Under the applicable legislation, routine audits are conducted by supervisory authorities such as the Banking Regulation and Supervision Agency (BRSA), the Capital Markets Board of Turkey (CMB), the Ministry of Finance, the Undersecretariat of Treasury and the Central Bank of the Republic of Turkey (CBRT). Detailed information about the administrative fines imposed against the Bank in 2018 by supervisory authorities as a result of auditing is provided in the following sections.

INFORMATION ON LAWSUITS FILED AGAINST THE BANK, WHICH MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK, AND THEIR POTENTIAL RESULTS

No lawsuits that may affect the financial status and operations of the Bank were initiated against the Bank in 2018.

An investigation was initiated against the Bank in connection with an investigation on VAT evasion in relation to carbon emission trade in France on the grounds that accounts had been set up before the Bank for two persons implicated in the investigation. The reason our Bank was included in the investigation is not directly related to the subject matter of the investigation, but to banking transactions performed by persons implicated in the investigation and by three Turkish legal entity customers that carried out money transfers with various foreign firms with which the former were linked. During the investigation process, while no action was deemed necessary for the three Turkish customers with respect to the investigation, our Bank was included in the investigation based on the opinion that our Bank had not achieved adequate

compliance with the legislation with respect to account opening and transacting by two foreign customers. The trial was completed on 16 June 2017. The Court acquitted our Bank for the actions it had taken in 2008 and early 2009 at the time these individuals who had engaged in tax evasion had started opening accounts and making use of banking services in Turkey; however, the Court adjudged a judicial fine of EUR 8 million for account closure procedures by mid-2009, with total disregard of local legislation and regulations. In addition, the French Treasury asked for collection of the tax loss from all of the defendants of this litigation matter for the tax losses suffered because of tax evasion. Accordingly, the Bank will be subject to payment of damages up to EUR 25 million. Our Bank believes that the ruling is faulty and irrelevant, and has taken all necessary action for appeal on 22 September 2017. The appellate review is in progress. The Bank's Management has taken all necessary steps that it was legally obliged to take in the said event. Our Bank believes that this unfair judgment that lacks any ground will be reversed by the appellate court, and it has set aside provisions in the amount of EUR 33,000,000 for the case on trial.

INFORMATION ON ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE BANK AND ITS MANAGING MEMBERS DUE TO ANY PRACTICE CONTRARY TO THE LAWS AND REGULATIONS

During 2018, administrative fines levied by regulatory and supervisory authorities on our Bank amounted to TL 2,432,814.72; the Bank took advantage of the cash payment discount and paid TL 1,824,422.31.

INFORMATION ON REGULATORY CHANGES IN 2018 THAT MAY HAVE A MATERIAL IMPACT ON THE OPERATIONS OF THE BANK

The revisions to the Decree on the Protection of the Value of Turkish Currency that entered into force on 2 May 2018

overhauled the legislation on borrowings in foreign currencies. Accordingly, companies other than public institutions, banks and financial institutions may obtain a loan in a foreign currency provided that they will utilize their FC borrowings; (i) for projects falling under the scope of investment incentives, (ii) for financing the purchase of specific machinery and equipment, (iii) for specific defense industry projects, (iv) for executing projects based on PPP model, or (v) in accordance with other exceptions to be defined by the Ministry of Treasury and Finance, or (vi) they must currently have an FC loan balance in the minimum amount of USD 15 million or its equivalent. In the case of companies failing to satisfy any condition above, those having FC earnings may get an FC loan in an amount that does not exceed their total FC earnings within the past three years; and those without FC earnings may get an FC loan in an amount that will not exceed the sum of their potential documented FC earnings. Existing FC or FC-indexed loans may not be rolled over after 2 May 2018, unless the criteria written above are satisfied.

The revision made to the Decree on the Protection of the Value of Turkish Currency on 13 September 2018 and relevant communiqués published by the Ministry of Treasury and Finance introduced certain restrictions regarding execution of FC and FC-indexed contracts by and between persons resident in Turkey.

Accordingly, contracts regarding the following may not be determined in or indexed to a foreign currency:

- (i) contracts for purchase or lease of any immovable properties in Turkey, save for where the buyer or the lessee is a non-citizen and save for the cases described hereinbelow;
- (ii) employment contracts apart from those that will be performed abroad and those to which non-citizens are parties;
- (iii) service contracts save for those to which non-citizens are parties, those pertaining to activities facilitating FC inflow into Turkey, and those for activities carried out abroad;
- (iv) motor vehicle sales and lease contracts,
- (v) license and service contracts pertaining to domestically produced software and hardware.

Any amounts associated with these contracts may not be linked to precious metal prices, nor may negotiable instruments to be issued in connection with these contracts be drawn in a foreign currency.

Employment and service contracts to which non-residents' branches, representation offices, offices, liaison offices located in Turkey, or companies in Turkey in which non-residents directly or indirectly have fifty percent or more shareholding or joint control and/or control, or to which companies located in free zones are party in the capacity of an employer or service recipient within the scope of their activities in the free zone, may be determined in, or indexed to, a foreign currency. Such non-resident persons shall be deemed residents for the purpose of determining whether contracts regarding the sales or lease of movable and immovable properties in Turkey may be executed in a foreign currency.

Furthermore, leasing contracts; contracts related to the performance of tenders, contracts and international agreements to which public institutions are parties (save for immovable sales and business contracts) and having a contractor as its party; and transactions pertaining to the issuing and trading of capital market instruments under the Capital Market Law may be executed in a foreign currency, to the extent that they comply with the limitations concerning FC borrowing.

The Ministry of Treasury and Finance Communiqué dated 4 September 2018 introduces certain rules regarding repatriation of export proceedings. Accordingly, proceeds concerning export transactions carried out by persons resident in Turkey are obliged to bring the proceeds upon their payment into the country within no later than 180 days following the actual export date. It will be obligatory to sell at least 80% of the said proceeds to a bank.

The Presidential Decree published in the Official Gazette on 31 August 2018 decreased the rate of income tax levied on interest income on Turkish Lira deposit accounts for a period of three months for all maturity brackets, and increased that on FC deposit accounts for certain maturity brackets. With respect to TL deposit accounts, the tax rate was decreased from 15% to 5% for maturities up to 6 months, from 12% to 3% for maturities up to 1 year, and from 10% to 0% for maturities longer than 1 year. With respect to FC deposit accounts, the tax rate applied to interest income was increased from 18% to 20% for demand deposits or for time deposits of up to 6 months, the withholding tax levied on time deposits with a maturity of up to 1 year was increased from 15% to 16%, and the tax rate on time deposits with maturities longer than 1 year was kept unchanged at 13%.

These decisions remained in force for 3 months and expired on 30 November 2018.

With a memorandum sent to the banks on 13 August 2018, the BRSA resolved that the higher of (a) FX rate on 30 June 2018 or (b) 252-day average of CBRT FX bid rates will be used to calculate FC credit risk exposures. The BRSA ended this practice by its memorandum dated 27 December 2018.

By a memorandum sent to the banks on 12 August 2018, the BRSA mandated that MtM losses under the "Securities valued at fair value with changes in other comprehensive income" from among the securities acquired before the date of the memorandum will not be included in CET1 capital. Securities acquired after the date of the memorandum, however, remain subject to the existing provisions of the Regulation on the Shareholders' Equity of Banks. By its letter dated 27 December 2018, the BRSA ended the said practice.

By its resolution of 7 September 2018, the BRSA mandated that banks will not include the collaterals received for loan derivatives and for derivative transactions in the calculation of liquidity coverage ratios from 31 July 2018 until 31 December 2018.

The CBRT raised the banks' remuneration rate of the TL required reserves from 7% to 13% effective 21 September 2018.

The CBRT Monetary Policy Committee (MPC) raised one-week repo auction rate, which is the policy rate, to 24% on 13 September 2018. In its resolution of 13 December 2018, the MPC kept the one-week repo auction rate at 24%.

On 6 August 2018, the CBRT reduced the upper limit for the FX maintenance facility from 45% to 40% within the reserve option mechanism. This move was targeted at making foreign currency in the amount of approximately USD 2.2 billion available for use by banks. By a new decision on 13 August 2018, the CBRT reduced TL reserve requirement ratios (RRR) by 250 bps for all maturity brackets. RRRs for non-core FX liabilities were also reduced by 400 bps, while the maximum average maintenance facility for FX liabilities was raised to 8%. This revision was intended to provide approximately TL 10 billion, USD 6 billion and a USD 3 billion equivalent of gold liquidity to the financial system.

Pursuant to the provisions of the Regulation on Capital Conservation and Countercyclical Capital Buffers, profit distribution by banks is subject to certain requirements. Profit distribution can be made subject to filing an application with, and obtaining permission from, the BRSA, as in previous years. Pursuant to the BRSA resolution issued on 14 November 2018, it was decided to base the assessment of possible profit distribution requests on the establishment and maintenance of a CET1 capital adequacy ratio of above 12%. CET1 capital adequacy calculations will disregard the BRSA resolution of August 13th concerning the FX rate to be taken into account in calculating the value at credit risk and that of August 12th concerning unrealized MtM losses to be taken into account in calculating shareholders' equity.

On 13 August 2018, the BRSA limited the total notional principle amount of Turkish banks' currency swaps and other similar products (spot + forward FX transactions) with foreign counterparties where at the initial date local banks pay TRY and receive FX to maximum 50% of the bank's legal reserve as per the latest calculation. On 15 August 2018, the BRSA resolved that the total calculated as above should not exceed 25% of the bank's legal reserve.

On 17 September 2018, BRSA resolved that while calculating the transactions subject to the above limitation, 75% of the total transaction amount with a maturity from 90 to 360 days and 50% of the total transaction amount with a maturity of 360 days and more shall be taken into account.

Regulation on the Restructuring of Debts Owed to the Financial Sector was published in the Official Gazette dated 15 August 2018, with the aim of enabling debtors which have a credit relationship with the banks, leasing, factoring and financing companies operating in Turkey to fulfill their repayment obligations concerning their credit debts to these entities and thus keep contributing to employment through measures to be taken within the frame of related framework agreements and contracts. As per the Regulation, "Financial Restructuring Framework Agreement" ("Framework Agreement") drafted by the Banks Association of Turkey was approved by the BRSA and entered into force on 19 September 2018.

The Framework Agreement was signed by 28 banks as of 24 December 2018.

On the other hand, the said Regulation was amended as published in the Official Gazette dated 21 November 2018. As per the Regulation and the Framework Agreement:

Companies other than the entities governed by the Banking Law no. 5411, Capital Market Institutions named in Article 35 of the Capital Market Law no. 6362, entities governed by the Insurance Law no. 5684, entities governed by the Law no. 6361 on Leasing, Factoring and Finance Companies, and entities governed by the Law no. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions are defined as "Debtors" and are allowed to restructure their debts.

"Reasonable amount of time" limitation is imposed for determining the financial positions of eligible debtors and for establishing that they will regain their ability to service their restructured debts.

If the agreement executed with a debtor under the Framework Agreements is signed by a two-thirds majority of creditor signatories of the Framework Agreements, all of the creditor entity signatories of Framework Agreements will be obliged to restructure their receivables.

The principles and procedures for the inclusion of foreign credit agencies and international entities shall be set out in Framework Agreements, and the said entities shall be included in financial restructuring, upon request, irrespective of the consent and acceptance quorums of Creditor Entities.

The Regulation on the Principles and Procedures for Classification of Loans and Provisions to be Set Aside was amended as published in the Official Gazette dated 15 August 2018. Accordingly, banks implementing TFRS 9 may reclassify those loans, which had been classified as restructured loans under Group II despite being performing loans, under Group I, provided that there are no delays exceeding thirty days in the principal amount and/or interest payments of any loans extended to the borrower by the end of the minimum three-

month monitoring period and provided further that financial hardship that led to restructuring was eliminated, without requiring that it shall have been followed up as restructured debt under Group II for a minimum period of one year from the classification date and without requiring that at least 10% of the principal amount and interest payments under one-year monitoring period was paid.

In addition, it has been stated that changes in the agreement terms and/or partial or total refinancing of the loans that are monitored under Group I where the debtors are not in a financial difficulty will not be considered as restructuring and they may still be monitored under Group I.

The Presidential Decree numbered 162 and dated 10 October 2018 amended the Decree on Treasury Support Provided to Credit Guarantee Agencies. Accordingly, the minimum term of working capital loans was set as six months, whereas maximum term was determined as five years with a maximum grace period of one year. Under the changes, loans utilized within the frame of Credit Guarantee Fund guarantee may be restructured up to 96 months for working capital loans and up to 156 months for investment loans, in both cases starting from the loan extension date. For each beneficiary, the guarantee limit was increased from TL 12 million to TL 25 million for those defined as SMEs. In addition, under a provision supplemented to the said Decree, the beneficiary, before applying to the Credit Guarantee Fund for compensation, must have been provided with restructuring facility under the Decree or the Regulation on Restructuring the Debts Owed to the Financial Sector. It is stipulated that the CBRT FC buy rate on the date of restructuring will be taken as basis in the event FC and FC-indexed loans are restructured in terms of Turkish lira.

With the revisions published in the Official Gazettes dated 15 August 2018 and 27 November 2018, the Regulation on Loans Extended by Banks was amended.

Accordingly, maximum term of consumer loans is set as 36 months, except for loans extended to consumers for purchase of goods or services which are of a complementary nature to the house as stipulated in Article 684 of the Turkish Civil Code no. 4721 dated 22 November 2001 within the scope of house

purchases and renovation, financial leasing for houses, loans for purchasing other immovable properties, loans for financing education tuition and fees, and loans for financing debts owed to public authorities and institutions, provided such payment is made directly to the public authorities or institutions' account. The maximum term for motor vehicle loans and loans secured by vehicles was set as 48 months, whereas that for loans to purchase mobile phones and computers was determined as 6 months.

While the term for loans extended for purchasing mobile phones is restricted to six months, the same is increased to twelve months for mobile phones with a price of up to TL 3,500. While the limitation is kept unchanged at six months for mobile phones with a price of more than TL 3,500, the 6-month term limitation will be implemented as twelve months until 31 January 2019 for loans extended to purchase mobile phones with a price higher TL 3,500.

The amendment made to the Regulation on Debit and Credit Cards published in the Official Gazette dated 27 November 2018 increases the upper limit for installments from six months to nine for domestic expenditures associated with airlines, travel agencies and hotel accommodation to be paid for by credit cards.

AUDIT COMMITTEE'S ASSESSMENT OF THE ACTIVITIES OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

In accordance with its duties arising from the legislation, the Audit Committee continued to review the effectiveness and adequacy of internal systems, the operation of accounting and reporting systems in line with the applicable regulations, and the integrity of the resulting information, and continued to verify whether the internal audit system encompassed the Bank's current and planned operations and the risks resulting therefrom upon review of internal audit plans. Within this scope, the Audit Committee regularly monitored and evaluated the activities of the internal systems during the course of the year. Furthermore, the Committee also fulfilled its functions of overseeing the activities of external audit company, appraisal firms and support service providers that are designated by the Board of Directors, as well as evaluating the relevant external audit results. Accordingly, the Audit Committee has met 4 times during 2018 and informed the Board of Directors on the activities of the Committee, the assessments for the external audit firms, appraisal firms and support services providers, and other matters.

The Internal Audit Department conducted audit engagements at the Bank's head office units, regional offices, branches and consolidated subsidiaries by evaluating the effectiveness of the internal control and risk management systems. Within the audit activities performed, process audits were carried out mainly on the basis of 11 different risk types:

- Business model risk audits,
- Internal governance environment and risk management audits,
- Capital risk audits,
- Credit risk audits,
- Market risk audits,
- Structural risks audits,
- Operational risk audits,
- Legal risk audits
- Compliance risk audits,
- Technology risk audits,
- Extended enterprise risk audits

In 2018, audit engagements were diversified through deeper and widespread specialization, more intensive use of technology, and results that contribute to the Bank's processes have been achieved. A data scientist position was formed within the Internal Audit Department, and examinations based on data universe instead of examinations based on sampling were adopted for audit processes with the aim of minimizing audit risk.

Follow-up of suggestions made as a result of the audit engagements by the Bank's senior management, the Audit Committee and the Board of Directors ensured that corrective actions were taken according to the timeline by the auditees.

By way of inquiries and investigations covered among the activities of the Internal Audit Department, fraud, swindling and counterfeiting activities were prevented or detected, and it has been ensured that necessary managerial actions were taken promptly. Scenario studies for suspected internal fraud incidents were carried out in the form of remote and on-site activities within this frame.

The Internal Control Unit continued to challenge all control activities that are performed by business and support units. In this regard, second level control activities were conducted at branches and head office departments. During on-site branch visits, scenario-based examinations were carried out regarding internal fraud and compliance risks in addition to operational risks. It has been ensured that internal control models that are structured in line with the three lines of defense principle are in place in all financial subsidiaries of the Bank.

Reporting flows have been implemented and periodic follow-up continued for remedying the findings determined during the controls.

The Compliance Department continued to manage the Bank's potential compliance risks and kept working towards identifying and preventing these risks before implementation. The

Department kept overseeing and coordinating the compliance of the Bank's ongoing and future activities, new transactions and products with the Banking Law, applicable legislation, internal policies and guidelines, and banking practices. With the aim of reinforcing the Bank's consolidated compliance policy, the Department supervised the compliance activities of overseas branches and consolidated subsidiaries, taking steps towards promoting compliance awareness and culture.

As part of corporate compliance activities, the Anti-Corruption Policy approved by the Board of Directors was introduced. Notifications received by the Garanti Whistleblowing Channel were evaluated, upon which results were presented to the Integrity Committee. Within the scope of securities compliance function related to investment transactions, examinations were carried out within the frame of the CMB's Communiqué on Obligation of Notification Regarding Insider Trading or Manipulation Crimes regarding own-account trading and use of privileged information by the Bank employees who may have insider information or periodic information about capital market instruments or issuers.

As part of Customer Compliance activities, new business, products and processes were evaluated prior to implementation. As part of anti-money laundering (AML) and countering financing of terrorism strategy (CFT) strategy, studies were carried out in order to achieve alignment with national and international regulations. Through the existing monitoring programs and other initiatives by the compliance officer team, risk management, monitoring and control activities were carried out efficiently. Classroom training sessions, regional office visits and web-based AML and CFT training programs offered throughout the Bank served to secure higher awareness and consciousness of the matter among the employees.

As part of Risk Management activities, Capital and Operational Risk Department provided the necessary internal coordination for ensuring regulatory compliance and handled the regulatory work. In accordance with the regulations published by the BRSA, ICAAP activities, which are conducted parallel to the budget process that covers the Parent Bank and affiliates, were carried out, which cover stress tests, as well. Risk appetite core metrics for solvency and profitability and operational risk limits and their thresholds were reviewed against the risk appetite and submitted for approval of the Board of Directors. Necessary coordination for monthly risk appetite reporting to Risk Committee of the Board was continued and in this scope, solvency and profitability core metrics and operational risk limits were monitored and reported.

Operational risk and operational risk admission activities were carried out. Operational Risk, Control and Self-Assessment activities and stress test analyses for operational risk were carried out. Meetings and trainings were held and information was provided to the Bank's staff to enhance awareness of the Bank's employees regarding Operational Risk Management. Outsourcing Management function was set up under the Capital and Operational Risk Department, which will be handling the outsourcing process, including support services. Within this scope, new business, product and services, which are currently being carried out by the New Business and Product Committee, and outsourcing were organized under the operational risk underwriting function. New Business and Product Committee has been gathered and functioned in accordance with the Charter and Procedure. Market and Structural Risk Department defined thresholds within the framework of risk appetite, and regularly monitored internal metrics and early warning indicators, as well as regulatory limits for risk-based limits in order to manage and monitor market, structural interest rate, structural exchange rate and liquidity risks. Stress tests were employed to evaluate potential and worst-case risks that may arise from economic circumstances. Limits and alert levels were monitored to determine the risk exposure, and actions taken for necessary situations were followed up. The market fluctuations that occurred particularly in the second half of 2018 and new regulations and decisions introduced were monitored closely. Their impact on the Bank's liquidity, structural interest rate, exchange rate, market and counterparty credit risks were analyzed thoroughly. In the second half of 2018, intraday liquidity risk has been monitored regularly using the metrics defined.

The Validation Function performed qualitative and quantitative validations regarding internal models. Validations performed for those models and parameters that are taken into account in ICAAP calculations were presented to the Audit Committee. The Credit Risk Control Department set limits for loan growth in view of risk-return balance. Internal capital requirements were calculated. Internal capital need was computed and the internal capital threshold values set at the onset of the year were monitored. Internal capital definitions needed for systemic computation of risk-based profitability metrics were made. Internal credit risk and credit concentration risk calculations, stress tests and scenario analyses were carried out within the framework of ICAAP and stress test report. The Risk Internal Control function verified that risk management activities were handled by risk units in accordance with the Bank's policy and procedures.

RISK COMMITTEE'S ASSESSMENT OF RISK MANAGEMENT POLICIES, THEIR IMPLEMENTATION, AND MANAGEMENT OF VARIOUS RISKS THAT THE BANK MAY BE EXPOSED TO

Bank's risk management activities were carried out targeting value creation by focusing on maintaining a moderate risk profile that allowed to keep strong financial fundamentals, an integral view of risks, and a portfolio diversification by asset class and client segment, long term financial stability and relationship with the customers, while preserving Bank's strategic targets in even adverse market and economic conditions. These risk management activities were implemented within the scope of the risk appetite framework and risk based policies approved by the Board of Directors and through rules and procedures with regard to fundamental risks that the Bank was exposed to.

The Risk Management performed its measurement, monitoring and reporting activities in line with its risk appetite framework, which set out the risks and risk levels that the Bank was willing to assume in order to fulfill Bank's strategy and goals. Within this context, risk-based limits and metrics pertaining to liquidity, solvency and profitability were monitored and managed embracing both Bank and affiliates. The Risk Management continued to improve its measurement, reporting and management tools, where risks were measured via advanced methods, reported to relevant committees and senior management in order to determine strategies and take decisions, considering compliance with local and international standards and practices.

In 2018, as part of its routine tasks, the Risk Management continued to measure, monitor and report risk metrics within the scope of the risk appetite framework and to coordinate the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) including stress tests which were maintained in parallel to the budget process and integrated with its risk appetite structure. Intraday liquidity risk procedure was established, regular monitoring of metrics determined in scope of intraday liquidity risk was started. On the other hand, market fluctuations and new regulations and decisions that had entered into force, especially related to second half of 2018, were closely monitored. Impacts on the Bank's liquidity, solvency, structural interest rate, foreign

exchange, market and counterparty credit risks were thoroughly analyzed. The evolution of liquidity was tightly and deeply monitored also via stress tests and awareness was raised throughout the Bank. Metrics related to asset quality were closely monitored. Furthermore, along with the Risk Internal Control function which was established in 2018, second line controls and assessments were conducted in scope of governance of risk management practices. In 2018, coordination of evaluations for outsourcing process in Bank and the affiliates was performed within the scope of the Outsourcing Procedure. Besides, in accordance with the Support Services Risk Management Program, preparation of reports of outsourcing activities and proposals to the Audit Committee, were conducted.

Within the scope of its responsibilities, the Risk Committee continued to monitor the evolution of the Bank's risk exposure, by type of risk, business line, product or customer segment and how these compare to the strategy and the risk appetite through regular reporting channels during 2018. Besides, the Risk Committee reviewed as appropriate and approved, Bank's risk appetite statement, risk metrics and risk based policies before their submission for approval to the Board of Directors. The Committee also involved in capital and liquidity planning processes by receiving and reviewing reports related to capital and liquidity planning including but not limited to ICAAP and ILAAP reports. Based on their scope, the affiliates were reviewed by the Risk Committee in order to foster a risk culture throughout the organization that guarantees the coherence of the risk management at all levels of the organization. The matters especially related to second half of the 2018, that were closely monitored by the Risk Management were also monitored by the Risk Committee. Consequently, the Risk Committee held 11 meetings in 2018 in order to assist the Board in overseeing the Bank's enterprise risk management policies and practices, including the alignment with its strategic objectives and management's ability to assess and manage the various risks present in its activities, as well as capital adequacy, planning and liquidity adequacy.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türkiye Garanti Bankası A.Ş. ("Garanti Bank" or "Garanti" or "the Bank") complies with the corporate governance principles set out by the banking legislation, capital market legislation as well as the Turkish Commercial Code and other applicable legislation. Garanti Bank pays the utmost attention to implement these principles. The Bank accordingly updates its annual reports and website, making them available to its stakeholders. The shareholders can access comprehensive information, get information about the latest developments and activities from the regularly updated Garanti Bank Investor Relations website, and can address their questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.

In keeping with Garanti's commitment to corporate governance principles, information about the Bank's compliance with non-mandatory principles under the Corporate Governance Communiqué numbered II-17.1 is provided under the related headings of this report.

The Corporate Governance Committee was established in February 2013 pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué Serial: IV-56 on the Determination and Implementation of Corporate Governance Principles issued by the CMB, which was effective at the time. The Committee is responsible for overseeing compliance with corporate governance principles and for ensuring that relevant improvement efforts are carried out in the Bank. In 2018, the Committee held 3 meetings with full participation of its members. The Board of Directors deemed that the activities performed by the Corporate Governance Committee in 2018 were efficient, appropriate, adequate and compliant with the relevant legislation. The activities of the Corporate Governance Committee are presented in detail in the Committees section.

On the other hand, Garanti, during 2018, achieved compliance with all of the mandatory principles of the Corporate Governance Communiqué No. II-17.1.

AUDIT COMMITTEE'S REPORT



Please refer to page 169 in the annual report for related information.

SHAREHOLDER RELATIONS

SHAREHOLDING STRUCTURE



Please refer to page 19 in the annual report for the Company's shareholding structure.

GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meeting is held in accordance with the resolution adopted by the Board of Directors. For reaching the highest number of shareholders possible, the General Meeting announcement including the meeting date, venue, agenda and similar information is duly announced at least three weeks prior to the meeting date as per the provisions stipulated in the Communiqué via the Turkish Trade Registry Gazette, Public Disclosure Platform (www.kap.gov.tr), e-Governance Corporate Governance and Investor Relations (www.mkk.com.tr), e-Company Companies Information Portal (www.mkk.com.tr), e-General Meeting Electronic General Meeting System (www.mkk.com.tr), the Bank's websites and two national newspapers. The Bank invites all stakeholders to the General Shareholders' Meeting, who will be voiceless during such meetings. Before the meeting, balance sheets, income statements and annual reports are made available for review by shareholders within the timeframe determined in the applicable legislation on the Garanti Bank Investor Relations website, at all branches and at the Head Office of Garanti Bank. In General Shareholders' Meeting, agenda items are discussed and submitted for the shareholders' approval. Shareholders are entitled to ask questions, express their opinions and submit

proposals regarding the agenda items. Questions are handled and answered in accordance with the regulations of the Capital Markets Board as well as the principles and procedures specified in the Turkish Commercial Code. Proposals are submitted for approval at the General Shareholders' Meeting and become effective if approved by the specified majority. The meeting minutes and the list of attendants of the General Shareholders' Meeting are posted on the Public Disclosure Platform (KAP), e-Company Companies Information Portal, e-General Meeting Electronic General Meeting System, and Garanti Bank Investor Relations website on the same day, and is published in the Trade Registry Gazette following its registration.

Resolutions adopted in the General Shareholders' Meeting are carried out in accordance with the legal procedures within due time. Pursuant to the provisions of the Regulation on Electronic General Meeting at Joint Stock Companies and the Communiqué on Electronic General Meeting System Applicable at General Assemblies of Joint Stock Companies, attendance to, and voting at, the General Shareholders' Meeting by electronic means is permissible. The minutes and the list of attendants of the General Shareholders' Meeting are available to shareholders on Garanti Bank Investor Relations websites. These documents can also be obtained from the Subsidiaries and Shareholders Service.

Garanti Bank held its Ordinary General Shareholders' Meeting for the period 01 January 2017-31 December 2017 on 29 March 2018 and meeting quorum realized at 84.06%. Media representatives did not attend the General Shareholders' Meeting. At the meeting, one shareholder lodged a statement of opposition, demanding that the article concerning Profit Distribution in the Bank's Articles of Association should be modified, high cash dividends and/or bonus shares should be given out, and so on. In response, it has been explained that profit is being distributed in the ratio stipulated by the legal authorities and that the retained portion is being set aside as Extraordinary Reserves as per the applicable legislation.

There were no transactions in the reporting period for which the decision was left to the General Assembly of Shareholders by reason of dissenting votes cast by independent board members.

INFORMATION ON DONATIONS AND GRANTS IN 2018

The total amount of donations and grants made by the Bank in the reporting period is TL 11,605,437. Based on its

commitment to add value to the society, the Bank makes donations and contributions mostly to persons, non-governmental organizations, societies or foundations, public entities and organizations that work in the fields of education, culture, art, environment and sports. Donations can also be made to promote the Bank's corporate identity and to expand the coverage of banking activities.

Information regarding the amounts and beneficiaries of donations and contributions made by the Bank during the reporting period is provided to the shareholders under a dedicated agenda item during the General Shareholders' Meeting.

Amounts and beneficiaries of the donations made in 2018 are as follows:

BENEFICIARIES	AMOUNT
Öğretmen Akademisi Vakfı (Teachers Academy Foundation)	4,609,750
İstanbul Kültür ve Sanat Vakfı (İstanbul Foundation For Culture And Arts)	2,000,000
Ministry Of National Education	1,500,000
Ayhan Şahenk Vakfı	935,000
Other Foundations, Societies And Institutions	739,637
Universities And Educational Institutions	565,030
Doğal Hayati Koruma Vakfı (World Wildlife Fund - Turkey)	500,920
Various Public Institutions	500,000
Türkiye Eğitim Gönüllüleri Vakfı (Educational Volunteers Foundation of Turkey)	255,100
TOPLAM	11,605,437

VOTING RIGHTS

Shareholders' voting rights and exercise of these rights are determined in Article 38 of Garanti Bank's Articles of Association. There are no privileged voting rights at the General Shareholders' Meetings of Garanti Bank. The Bank is not in a cross-shareholding relationship with any company, therefore no such votes were cast at the latest General Shareholders' Meeting.

DIVIDEND RIGHT

There are no privileges in dividend distribution at Garanti Bank. At the Bank's Board of Directors meeting on 31 January 2018, the Dividend Distribution Policy, which was amended to achieve greater alignment with the provisions of the CMB's Communiqué on Dividends no. II-19.1 and to increase the ratio of distributable profit from 25% to 30% for its distribution subject to the approval of authorities, was approved at the Ordinary General Shareholders' Meeting convened on 29 March 2018, and publicly disclosed on the Public Disclosure Platform (KAP) and the Company's website.

The Bank's Dividend Distribution Policy is as follows:

"Details of dividend distribution are specified in Articles 45, 46, and 47 of the Articles of Association. In this context, by taking into account our Bank's growth in accordance with its goals within the sector and its financial needs, the General Assembly is authorized to decide to distribute dividends in cash or to capitalize the profit and distribute the bonus shares to be issued by the Bank, or implement a combination of both methods, and execute the dividend distribution within the time period specified in the relevant legislation.

The Bank's dividend distribution policy stipulates distribution of up to 30% of the distributable profit in cash or as bonus shares upon the approval of the BRSA, provided that there is no unfavorable situation in the local and/or global economic conditions and provided further that the standard rates, which are specified by the protective measures in the Banking Law No. 5411, are at the targeted level. Amounts retained from the profit for the period, which remain after legal reserves and funds that are obligatory to be saved by the Bank are set aside, are transferred to the Extraordinary Reserve Account.

In accordance with Article 46 of the Articles of Association, the dividend distribution proposals shall be submitted for the approval of the General Assembly following a decision by the Board of Directors in this regard, by taking into account the Bank's operational performance, financial needs, growth targets and the legal regulations governing the Bank.

The dividend distribution resolution becomes effective if and when adopted in the General Shareholders' Meeting, and resolutions are publicly disclosed via the Public Disclosure Platform on the same day."

At the General Shareholders' Meeting held on 29 March 2018, it was resolved to distribute the profit for the year 2017, and dividend payout began on 24 April 2018. The following information has been provided to our Shareholders regarding the retained portion out of 2017 profit:

"After legal reserves and the funds that are obligatory to be saved by the Bank are set aside, the profit for the period retained after the profit is distributed upon the BRSA approval is allocated to Extraordinary Reserve Account in order to secure the Bank's continuous development and preserve its solid capitalization, to maintain the Bank's capability to make dividend distributions uninterruptedly, to ensure higher and

consistent dividend distribution in the long term, and to be used for the Bank's operations and general operating expenses."

STAKEHOLDERS

INFORMING STAKEHOLDERS

The stakeholders can participate in management through specially designed systems and meetings. In order to ensure accurate and reliable information flow, the Investor Relations Department prepares presentations on quarterly financial statements; the Department shares these presentations with the stakeholders through its website and tablet PC applications, and responds to questions during live webcasts/teleconferences, the audio recordings of which are subsequently posted on these public channels.

In addition to handling customer complaints through a variety of alternative channels, the Customer Experience Support Team also carefully considers customers' suggestions. Garanti Bank provides its customers with the means to communicate their complaints, and comments about management any time through the contact form on Garanti website, by leaving a voice message on the phone line at 444 0 333, its social media platforms, i.e. Garanti Facebook page and Twitter GarantiyeSor (Ask Garanti) account.

Additionally, in case of violation of the customers' rights protected by regulations and contracts, the Bank provides efficient and fast remedy, and facilitates the use of loss indemnification mechanisms by customers who have incurred any loss.

At the completion of the service customers receive from branches, the call center, Customer Experience Support Team and digital channels, they are asked to respond to a survey via phone, email or digital channels. Survey outcomes are carefully studied and the feedbacks received are converted into improvement actions. Customer feedbacks received especially at times of new product launches and process modifications are sensitively followed through, followed by arrangements to processes as necessary.

Garanti objectively assesses investors' expectations, their opinions regarding the Bank and the management by way of a "Perception Study". The study is conducted by third party companies, thus supporting impartial and transparent communication. Within this frame, improvement areas are analyzed and action plans are created.

In order to ensure that employees take active role in the decision-making mechanism and to benefit from innovative opinions, Garanti keeps dialogue channels bi-directional. While there are no written internal regulations, employees are provided with the opportunity to make assessments in all projects and activities carried out in line with the Bank's strategic priorities, ensuring their involvement in decisions.

Making systematic use of various channels, including employee opinions, the intranet, employee engagement survey, and the voice of employee platform GONG, Garanti aims to increase employee satisfaction and employee engagement.

Garanti carries out an Employee Engagement Survey each year to gather employees' opinions on work-life balance, performance management, remuneration and training & development opportunities. In 2018, Employee Engagement score was 67%.

360 Degree Assessment and Feedback collects employee opinions regarding themselves, their colleagues, line managers and team members, and aims to establish the culture of giving and receiving feedback.

Suggestion and idea platforms Önersen, GONG, and Atölye and the "Ask/Share" section of the intranet portal serve as a means for employees to submit their suggestions and ideas. "Önersen" (You Suggest) has been instrumental in collecting 1,313 suggestions in 2018, two of which were rewarded. More than 23,000 ideas in the aggregate have been communicated via this channel since 2007. Through GONG, the voice of employee platform about HR practices and the working environment, 674 opinions were gathered in 2018.

Each year, through the Managers' Summit and the Future Meeting, the CEO and the executive team involve the total employee base and share & assess Garanti's current outlook and its strategy, goals & objectives for the year ahead.

BOARD OF DIRECTORS

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

Süleyman Sözen is the Chairman of the Board of Directors. The Chairman has no executive functions and the executive member of the Board is Chief Executive Officer Ali Fuat Erbil, who is a natural member of the Board.

CMB requirements regarding Corporate Governance Principles stipulate that minimum three independent members must serve on the boards of directors of banks. Since the Board members assigned as members of the Audit Committee are deemed as independent Board members according to these requirements, Jorge Saenz-Azcunaga Carranza, who currently serves as the Head of the Audit Committee, and Ricardo Gomez Barredo, Audit Committee member, are independent Board members.

On the other hand, at the Ordinary General Shareholders' Meeting held in 2018, Garanti re-elected Belkis Sema Yurdum, who satisfies all the independence criteria announced by the Capital Markets Board, to serve a term of office of 1 year remaining from the term of office set out in the independence criteria of the CMB's Corporate Governance Principles. The Corporate Governance Committee report dated 29 February 2018 establishing that Sema Yurdum satisfies the independence criteria has been submitted to the Board of Directors, which has resolved to file a notification with the CMB regarding the nomination of Sema Yurdum as an independent Board member. Quoted below is the declaration of independence by Sema Yurdum, who was elected as an independent Board member at the Ordinary General Shareholders' Meeting held in 2018.

TO TÜRKİYE GARANTİ BANKASI A.Ş. CORPORATE GOVERNANCE COMMITTEE,

I hereby declare that I currently serve as an "independent member" on the Bank's Board of Directors pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board of Turkey, and that I stand for the same position once again, in accordance with the same Communiqué, as my term of office ends on the date of the first General Shareholders' Meeting to be held in 2018. In this context, I hereby declare as follows:

- I have not held a seat on the Bank's Board of Directors for more than six years in the past ten years,
- Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or

any shareholder having management control or significant influence over the Bank or any corporate entity in which these shareholders have management control,

- c) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years,
- d) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
- e) I am not a full-time employee of public institutions and establishments as at the date of nomination,
- f) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law,
- g) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank's shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- h) I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake,
- i) I am not serving as an independent board member in any company, which is controlled by the Bank or by shareholders having management control over the Bank,
- j) I will be serving on the Bank's Board of Directors as a real person and in this context, I have not been registered and promulgated in the name of any corporate entity elected as a board member."

On the other hand, no circumstances arose in 2018 fiscal year, which prejudiced the independence of independent Board members. The Board of Directors of Garanti Bank is formed of 10 members, and the number of women members was 1 during 2018.

Résumés, terms of office and positions of the Board members are presented on pages 105, 106 and 107 of the Annual Report. The positions held by the Bank's Board members in and out of the Group are stated in their résumés.

Pursuant to Article 396 of the Turkish Commercial Code, the General Assembly authorized the members of the Board of Directors of Garanti Bank to execute a transaction of a commercial business nature that falls under the Bank's field of operation on their own or other's behalf or to become a partner with unlimited liability in a company engaged in the same kind of commercial affairs, during the reporting period.

WORKING PRINCIPLES AND PROCEDURES OF THE BoD

The Board of Directors of the Bank as the highest body of representation, direction, management and oversight of the Bank operates in order to fulfill the roles and responsibilities appointed to itself by the Articles of Association and the related legislations. In 2018, the Board of Directors passed 17 decisions by satisfying the required quorums for meeting and decision.



Garanti Bank's Internal Directive on the Working Principles and Procedures of the Board of Directors is available at www.garantiinvestorrelations.com, under Corporate Governance > Policies section.

RELATED PARTY TRANSACTIONS

As of 31 December 2018, the total amount of operating income generated by the parent bank and its consolidated financial affiliates ("the Group") on related party transactions is approximately 1.10% of the Group's total operating income. In addition, the total of the shares representing the share capital in its related parties owned by the Group and cash and non-cash loans and other receivables provided to related parties by the Group are around 10% of the Group's consolidated regulatory capital used for the calculation of legal limits, and the total of cash portions of such risks accounts is 1.1% of total consolidated assets in the financial statements prepared in accordance with the Turkish Financial Reporting Standards and the explanations provided by the BRSA as of the same date.

REMUNERATION

As published on the Bank's website, a Compensation Policy has been formulated for the Bank's employees in accordance with the banking and capital market legislation, and it has been approved by the Board of Directors. Pursuant to the Bank's Compensation Policy, the policy encourages fair, transparent, measurable and sustainable success among employees and is in alignment with the Bank's risk principles. The compensation structure consists of fixed income and variable income items. The Remuneration Committee and the HR Unit authorized

by this Committee are responsible for reviewing and duly executing the compensation policies.

The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements, and the upper limit of total remuneration to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are submitted for approval and determined at the General Shareholders' Meeting. As of 31 December 2018, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to TL 95,317,000. As the public disclosures regarding the remunerations and benefits provided to key managers including Board members are subject the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively.

Members of the Bank's Board of Directors are paid attendance fees. The amount of the attendance fee is determined and approved at the General Shareholders' Meeting. In addition to the attendance fee paid to the Board members, it has been decided at the Ordinary General Shareholders' Meeting held in 2018 that payments to be made to those Board members who assume a specific position in the Bank, and to independent Board members be determined by the Remuneration Committee that has been authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to set a maximum limit of TL 23,000,000 net for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2019.

Furthermore, other financial rights to be provided to the Senior Management consisting of the members of the Board of Directors, the CEO and Executive Vice Presidents are determined by the Remuneration Committee that is established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency. Under the provisions of the said Regulation, the Remuneration Committee has determined the manner of payments to Senior Management and the criteria for performance-based payments, by taking into account the European Union regulations and practices. Accordingly, Senior Executives receive performance-based payments in addition to their monthly salaries, which

payments are determined by the Remuneration Committee based on objective criteria including the economic profitability and key performance indicators of the Bank, as well as subjective criteria based on the respective personal performance. The Remuneration Committee ensures that such payments do not negatively affect the Bank's capital adequacy ratio and continuity of the Bank's operations. Part of the performance-based payments are made in installments and spread over future periods.

At the Ordinary General Shareholders' Meeting held in 2018, the following information has been provided to the shareholders regarding the compensation principles applicable to senior management.

"Our Bank has established and announced a compensation policy for all employees pursuant to applicable legislation. A fair, performance and success-based remuneration policy has been created. Our Bank's Compensation Policy has been implemented as approved and it is reviewed periodically. In addition to the compensation policy covering the Bank's entire personnel, the Remuneration Committee continued to implement the policies it has set in relation to remuneration and bonuses to be paid to the members of the Board of Directors who assume administrative roles and to senior executives, which do not rely solely on profit. The Committee reviewed the same at certain intervals. The policy, which has been developed in line with the local legislation and international practices, continued to be implemented.

The portion of 10.61% of the total personnel expenses figure for the benefits provided in 2018 to the Bank's employees including the Board members and senior management in the financial statements results from the performance-based bonuses of all employees and variable salary payments.

Subject to the restrictions imposed by the banking legislation, the Bank may extend loans to Board members and executives. On the other hand, the loans to be disbursed by Garanti Bank to the members of the Board of Directors and managers are restricted to specific framework by Article 50 of the Banking Law. The Bank does not disburse loans to the members of the Board of Directors and managers outside of the above mentioned framework.



Detailed information on the Remuneration Committee can be found in the Annual Report, page 139.

CORPORATE GOVERNANCE COMPLIANCE REPORT

COMPLIANCE STATUS						
	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors on the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 -Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10- The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2- The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	X					

	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
1.5.2- The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of minority rights.			X			Contrary to what is suggested in the principle numbered 1.5.2, there is no provision in the Bank's Articles of Association to extend the use of minority rights to those who own less than one twentieth of the outstanding shares. Shareholders constituting at least one twentieth of the capital are entitled to request the Board of Directors to summon the general assembly for a meeting, by specifying the grounds therefor along with the agenda, which should both be put in writing, or if the general assembly is already scheduled to meet, then to request the addition of matters they wish to be decided to the agenda, under Article 411 of the Turkish Commercial Code No. 6102. As and when such a request is received, the Bank takes the utmost care for facilitating the exercise of minority rights. In-line with our Bank's proactive, transparent and consistent communication strategy, utmost care is given to ensure that information is delivered with equal opportunities for everyone at all times. Bilingual Investor Relations (IR) web site, iPad and Android tablet PC applications developed in Turkish and English offer constant and worldwide access to the relevant information by focusing on the needs of the whole investors. Garanti Investor Relations websites contains stock data, corporate information, periodically published financial statements and annual reports, information about corporate governance, sustainability and projects that add value to the society. This website also gives access to Material Event Disclosures pertaining to developments regarding Garanti Bank, which are disclosed to the public via the Public Disclosure Platform. This website also responds to all sorts of user needs with the Investor Kit that contains basic, practical information and the Download Center function that covers all documents.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Assembly is posted on the company website.	X					
1.6.2 -The dividend policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 -The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 -The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2- The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals) regulate the participation of employees in management.			X			Contrary to what is suggested in the principle numbered 3.2.1, there are no written internal regulations in the the participation of employees in Management. However, employees are provided with the opportunity to comment on all projects and activities carried out in line with the Bank's strategic priorities, ensuring their involvement in decisions. Senior and middle-level managers participate in decision-making mechanisms via 25 committees. However, in the following periods, the appointment of one representative each from the branch and Headquarter to the our Bank's Employee Committee and the discussion of the decisions to be submitted to the Employee Committee on our employees platform called 'GONG' will be evaluated.

	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them, and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1- The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 -The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					

	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
3.5.2- The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1- The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2- The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1- The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2- Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7- The board of directors ensures that the Investor Relations Department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers Liability insurance covering more than 25% of the capital.		X				The Bank's paid-in capital is TL 4.2 billion; and it has subscribed to a Directors and Officers Liability cover with a limit of EUR 100 million for the individual liabilities of executives and Board members arising from their improper conduct.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			We are not currently in full compliance with the recommendation however the Bank intends to increase the participation of women directors in the Board and gradually increase their percentage in the coming years. The current board holds an extensive experience in banking which is extremely important for the Bank especially in these globally volatile markets. However, in parallel to BBVA's policies on this issue the Bank intends to favor female candidates to be nominated in the future if there is a replacement of a board member or re-selection of the full board.

	YES	PARTIALLY	NO	EXEMPTED	N/A	REMARKS
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions, if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Board members' external commitments are presented for the information of shareholders at the General Meeting. The Bank's Board members comply with the banking legislation regarding the external entities they can serve. There is no internal written regulation specifying any limitations in this respect.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			When the number of members of the Board of Directors and the number of members of the committees are taken into consideration, a member of the Board of Directors may take part in more than one committee. On the other hand, the only committee established according to the Corporate Governance Principles is the Corporate Governance Committee (with the functions of the Nominating Committee). There are three members of the Board of Directors in the Corporate Governance Committee. Other board committees (Risk, Credit, Audit and Remuneration) were established in accordance with the Banking Law No. 5411.

	YES	PARTIALLY	NO	EXEMPTED	NA	REMARKS
4.5.6- Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a Board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.					X	
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements, and the upper limit of total remuneration to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are submitted for approval and determined at the General Meeting of Shareholders. As of 31 December 2018, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to TL 95 million 317 thousand. As the public disclosures regarding the remunerations and benefits provided to key managers including Board members are subject the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS	REMARKS / RELATED LINKS
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	In 2018, Garanti Investor Relations team participated in 34 investor conferences and roadshows held in 13 cities in Asia, USA and Europe. The team held face-to-face meetings with 967 international investment funds, which represent 34% increase than it was in 2017. CEO attended 1 out of 3 meetings.
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION	
The number of special audit request(s)	None. The appointment of a special auditor has not been set forth as an individual right in the Articles of Association of the Bank. However, pursuant to Article 438 of the Turkish Commercial Code No. 6102, shareholders have the right to request a special audit from the General Assembly of Shareholders, whether included in the agenda or not, in order to clarify certain aspects within the frame of exercising shareholders' rights, provided that shareholders making such request have previously exercised the right to obtain or review information as stipulated in the Turkish Commercial Code. So far, Garanti Bank has not received any request for the appointment of a special auditor. If such a request is received, then the Bank will take maximum care for facilitating the exercise of such special audit right.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. GENERAL ASSEMBLY	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (ad)	https://www.kap.org.tr/en/Bildirim/664815
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Available. The link to the related website: Turkish: https://www.garantiinvestorrelations.com/tr/kurumsal-yonetim/olagan-genel-kurul-toplantilari/Olagan-Genel-Kurul-Toplantilari/452/0/0 English: https://www.garantiinvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	None
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Donation-and-Contribution-Policy/99/410/0
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/265119
The number of the provision(s) of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	While the Articles of Association does not contain any provisions to that effect, the Bank invites all stakeholders to the General Meetings of Shareholders, who will be voiceless during such meetings.
Identified stakeholder groups that participated in the General Meeting of Shareholders, if any	General Meeting minutes are available to shareholders in media and locations stipulated by applicable legislation. The members of the media did not attend the General Meeting convened in 2018. The Bank invites all stakeholders to the General Meetings of Shareholders, who will be voiceless during such meetings.

1.4. VOTING RIGHTS	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	There are no voting privileges
The percentage of ownership of the largest shareholder	49.85%
1.5. MINORITY RIGHTS	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of association	No
If yes, specify the relevant provision of the articles of association	None.
1.6. DIVIDEND RIGHT	
The name of the section on the corporate website that describes the dividend distribution policy	https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Dividend-Distribution-Policy/96/407/0
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors' proposal for the distribution of the Bank's 2017 Balance Sheet Profit was laid down for approval at the General Meeting of Shareholders held on 29 March 2018 and approved with majority of votes. The information provided to our Shareholders regarding the undistributed portion of 2017 profit is stated in article 6 of the document whose link follows: https://www.garantiinvestorrelations.com/tr/images/pdf/2018_03_29_Genel_Kurul_Toplantisi_Sonucu_hk.pdf
PDP link to the related general meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/671890
General Meeting Date	29.03.2018
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate in the General Shareholders' Meeting	84
Percentage of shares directly present at the GSM	0.001%
Percentage of shares represented by proxy	99.999%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the number of votes for or against	https://www.kap.org.tr/tr/Bildirim/671890
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	https://www.kap.org.tr/tr/Bildirim/671890
The number of the relevant item or paragraph of the General Shareholders' Meeting minutes in relation to related party transactions	https://www.kap.org.tr/tr/Bildirim/671890
The number of declarations by insiders received by the board of directors	347
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/671890

2. DISCLOSURE AND TRANSPARENCY

2.1. CORPORATE WEBSITE	REMARKS / RELATED LINKS
Specify the names of the sections of the website providing the information requested by the Principle 2.1.1.	<p>Trade registry information: Garanti Investor Relations website Home > Contact > Garanti Bank</p> <p>Latest shareholding and management structure: Garanti Investor Relations website Home > About Garanti > Shareholding Structure</p> <p>Detailed information on preference shares: There are no preference shares.</p> <p>The latest version of the Articles of Association: Garanti Investor Relations website Home > Corporate Governance > Articles of Association</p> <p>Disclosures: Garanti Investor Relations website Home > News > Disclosures</p> <p>Financial Reports and Annual Reports: Garanti Investor Relations website Home > Library</p> <p>Prospectuses and other public disclosure documents: Garanti Investor Relations website Home > News > Disclosures</p> <p>General meeting documents: Garanti Investor Relations website Home > Corporate Governance > Annual General Meetings</p> <p>Dividend distribution policy: Garanti Investor Relations website Home > Corporate Governance > Policies > Dividend Distribution Policy</p> <p>Disclosure policy: Garanti Investor Relations website Home > Corporate Governance > Policies > Disclosure Policy</p> <p>Ethical rules created by the company: Garanti Investor Relations website Home > Corporate Governance > Policies > Garanti Code of Ethics</p> <p>Frequently asked questions: Garanti Investor Relations website Home > FAQ</p>
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	<p>https://www.garantiinvestorrelations.com/en/about-garanti/detail/Shareholding-Structure/7/16/0</p>
List of languages for which the website is available	<p>Garanti has two different websites prepared in Turkish and English languages. These can be accessed as follows:</p> <p>The website in Turkish www.garanti.com.tr</p> <p>The website in English www.garantibank.com</p> <p>Garanti Bank Investor Relations website provides detailed information, both in Turkish and English, about data that are required to be covered in websites as per the Corporate Governance Principles and all other information about Garanti Bank and share in line with stakeholders' needs.</p> <p>Investor Relations website in Turkish: www.garantiyatirimciliskileri.com</p> <p>Investor Relations website in English: www.garantiinvestorrelations.com</p>
2.2. ANNUAL REPORT	
THE PAGE NUMBERS AND/OR NAMES OF THE SECTIONS IN THE ANNUAL REPORT THAT DEMONSTRATE THE INFORMATION REQUESTED BY PRINCIPLE 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the external of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	<p>Section: Board of Directors, Page: 131</p> <p>Declaration of Independence, Page: 175</p>
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	<p>Section: Committees, Page: 138</p>
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	<p>Section: Governance, Page: 30</p>

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in legislation which may significantly affect the activities of the corporation	Section: Important developments regarding 2018 operations, Page: 164
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Section: Important developments regarding 2018 operations, Page: 164
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Section: Service Providers, Page: 624-625
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Consolidated Financial Statements As of and For the Year Ended 31 December 2018, Section: 5.1.10.2, Page: 519
h) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Included in multiple sections: Investing in Human Capital, Responsible and Sustainable Development, Customer Experience, Pages: 114, 122, 92

3. STAKEHOLDERS

3.1. CORPORATION'S POLICY ON STAKEHOLDERS	REMARKS
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Garanti Investor Relations website Home > Corporate Governance > Policies > Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	192
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Garanti Bank Compliance Department (related committee: Integrity Committee)
The contact detail of the company alert mechanism	"Garanti Whistleblowing Channel" etikbildirim@garanti.com.tr 0 212 318 23 75
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Although there are no written internal regulations, in line with the Bank's strategic priorities, in all projects and studies conducted, opportunities are created for employee's to evaluate and take part in decisions.
Corporate bodies where employees are actually represented	From amongst employees, upper and middle level managers take part in decision-making mechanisms via 25 committees. Please see the Committees section in the Annual Report for further details. In order to ensure that employees take active role in the decision-making mechanism and to benefit from innovative opinions, suggestion and idea platforms Önersen, GONG, and Atölye and the "Ask/Share" section of the intranet portal serve as a means for employees to submit their suggestions and ideas. Suggestions made through "Önersen" platform reached 1.313 in 2018, of which two proposals were awarded. Since 2007 more than 23,000 ideas have been transmitted through this channel. Additionally, through "GONG" platform, the voice of employees, 676 ideas were shared. Every year, Directors Summit and the Future Outlook Meeting are held by the General Manager and the executive team and all employees are informed on the current status of Garanti and the the strategy, goals and objectives for the next year. Within the scope of employer brand management efforts, in order to increase and provide a richer working experience Garanti runs a program called "İYİ" (Work-Life Balance) that balances work and private life. Average number of events per employee is increased from 9 in 2014, to 26 in 2018.

3.3. HUMAN RESOURCES POLICY	
The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	There is a succession plan for key management positions, which is regularly followed up by the executive Board member and Executive Vice President on an annual basis.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Declaration of human rights and human resources policy are posted on the Investor Relations website. Related links are as follows: https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Declaration-of-Human-Rights/584/1866/0 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resources policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy	The Human Resources Policy and Code of Conduct are posted on the Investor Relations website. Related links are as follows: https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Code-of-Conduct/94/405/0
The number of definitive convictions the company is subject to in relation to health and safety measures	Garanti repositioned its Occupational Health and Safety (OHS) team set up under the Human Resources Department in 2013 as the OHS Section in 2015. OHS activities are carried out across the country with a team of 41 people covering Occupational Safety Experts, On-Site Physicians and On-Site Nurses. Authoring a first among financial service institutions of a similar size in Turkey, Garanti launched the OHS software in all of its locations. The Bank uses the platform to keep track of various activities including risk assessment, health monitoring, training programs, OHS Committees, near misses, work place accidents, review of occupational illness processes, and coordination and control of countermeasures. Going well beyond the requirements brought by the national legislation in its Occupational Health and Safety practices and activities, Garanti Bank initiated work in relation to OHSAS 45001 Occupational Health and Safety Management System that will replace OHSAS 18001, and these efforts are intended to enhance employee and stakeholder satisfaction and well-being. There is no final court decision rendered against the company in relation to health and safety measures in 2018.
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY	
The name of the section on the corporate website that demonstrates the code of ethics	Garanti Investors Relations website Home > Corporate Governance > Policies > Garanti Code of Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide information about any measures taken on environmental, social and corporate governance issues.	Garanti publishes integrated annual reports; hence, the Bank does not release a separate sustainability or corporate social responsibility report. The Bank discloses its entire value creation, both financial and non-financial, within the frame of materiality analysis, its strategic priorities, and its performance in these aspects. Addressed in a comprehensive scope extending from customer experience to employee satisfaction, from digital transformation to responsible and sustainable development, these topics, along with the information on risk management and corporate governance can be found in the integrated annual report. Garanti Investor Relations website Home > Library > Publications & Reports > Annual Reports
Any measures combating any kind of corruption including embezzlement and bribery	Garanti's Anti-Corruption Policy sets out the actions that need to be taken to prevent and determine across the Bank cases posing corruption risk, and to encourage reporting thereof.

4. BOARD OF DIRECTORS - I

4.2. ACTIVITY OF THE BOARD OF DIRECTORS	REMARKS / RELATED LINKS
Date of the last board evaluation conducted	In its meeting on 27 February 2018, the Corporate Governance Committee that also functions as the Nomination Committee in line with the applicable legislation evaluated the composition and activities of the Board of Directors to be adequate and compliant with the legislation. The Board of Directors has been informed on the same during the Board of Directors meeting held on March 1st.
Whether the board evaluation was externally facilitated	Hayır
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Based on the Bank's Board of Directors decision dated 29 March 2018, it has been decided to reassign Muammer Cüneyt Sezgin as the Board director in charge of the duties and responsibilities within the scope of internal systems, save for "Risk Management" duties that have been delegated to the Risk Committee as per the applicable legislation, which will be based on the Audit Committee's opinions, suggestions, assessments and the like.
Number of reports presented by internal auditors to the audit committee or any other relevant committee of the board	7
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Section: Internal Systems Governance, Page: 150
Name of the Chairman	Süleyman Sözen
Name of the CEO	Ali Fuat Erbil
If the CEO and Chair functions are combined, provide the link to the relevant PDP announcement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/664849 The Bank's paid-in capital is TL 4.2 billion, and a Directors and Officers Liability cover for EUR 100,000 has been obtained for the individual liabilities of Executives and Board directors associated with improper performance of their duties.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	There is 1 woman member who represents 10% of the full number of members.

NAME/SURNAME OF BOARD MEMBER	WHETHER EXECUTIVE DIRECTOR OR NOT	WHETHER INDEPENDENT DIRECTOR OR NOT	THE FIRST ELECTION DATE TO BOARD	LINK TO PDP NOTIFICATION THAT INCLUDES THE INDEPENDENCY DECLARATION	WHETHER THE INDEPENDENT DIRECTOR CONSIDERED BY THE NOMINATION COMMITTEE	WHETHER SHE/HE IS THE DIRECTOR WHO CEASED TO SATISFY THE INDEPENDENCE OR NOT	WHETHER THE DIRECTOR HAS AT LEAST 5 YEARS' EXPERIENCE ON AUDIT, ACCOUNTING AND/OR FINANCE OR NOT
Süleyman Sözen	No	No	1997	https://www.kap.org.tr/Bildirim/671890			Yes
Jorge Sáenz-Azcúnaga Carranza	No	Yes	24.Mar.16	https://www.kap.org.tr/Bildirim/671890	No	No	Yes
Ergun Özen	No	No	14.May.03	https://www.kap.org.tr/Bildirim/671890			Yes
Dr. M. Cüneyt Sezgin	No	No	30.Jun.04	https://www.kap.org.tr/Bildirim/671890			Yes
Sema Yurdum	No	Yes	30.Apr.13	https://www.kap.org.tr/Bildirim/671890	Yes	No	Yes
Jaime Saenz De Tejada Pulido	No	No	2.Oct.14	https://www.kap.org.tr/Bildirim/671890			Yes
Javier Bernal Dionis	No	No	27.Jul.15	https://www.kap.org.tr/Bildirim/671890			Yes
Ali Fuat Erbil	Yes	No	2.Sep.15	https://www.kap.org.tr/Bildirim/671890			Yes
Rafael Salinas Martinez de Lecea	No	No	8.May.17	https://www.kap.org.tr/Bildirim/671890			Yes
Ricardo Gomez Barredo	No	Yes	8.May.17	https://www.kap.org.tr/Bildirim/671890	No	No	Yes

4. BOARD OF DIRECTORS - II

4.4. MEETING PROCEDURES OF THE BOARD OF DIRECTORS	REMARKS / RELATED LINKS
Number of physical board meetings in the reporting period (meetings in person)	The Board held 14 physical meetings in 2018.
Director average attendance rate at board meetings	70%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	4-5 days on average.
The name of the section on the corporate website that provides information about the board charter	Garanti Investor Relations website Home > Corporate Governance > Policies> Working principles and procedures of the BoD
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The limits set by the banking legislation are complied with.

4.5. BOARD COMMITTEES	
Page numbers or section names of the annual report where information about the board committees are presented	Section: Committees, Page: 138-139
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/664849 While a PDP disclosure link is unavailable for the announcement pertaining to operating principles, the responsibilities of the committees are described on pages 138-139 of the Annual Report.

NAMES OF THE BOARD COMMITTEES	NAME OF COMMITTEES DEFINED AS "OTHER" IN THE FIRST COLUMN	NAME-SURNAME OF COMMITTEE MEMBERS	WHETHER COMMITTEE CHAIR OR NOT	WHETHER BOARD MEMBER OR NOT
Corporate Governance Committee (including the functions of Nomination Committee)		Javier Bernal Dionis, Jorge Saenz Azcunaga Carranza, Sema Yurdum, Handan Saygin	Jorge Saenz Azcunaga Carranza	Except for Handan Saygin, all members are members of the Board of Directors.

4. BOARD OF DIRECTORS - III

4.5. BOARD COMMITTEES - II	REMARKS / RELATED LINKS
Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the annual report/website)	Page 138 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Audit-Committee/778/3219/0
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Pages 139 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Pages 139 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	For information on Credit and Risk Committees within the frame of banking legislation: Pages 138,140
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Page 139 https://www.garantiinvestorrelations.com/en/corporate-governance/detail/Remuneration-Committee/83/396/0

4.6. FINANCIAL RIGHTS	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Section: Financial Performance, Page: 80-81
Specify the section of the website where remuneration policy for executive and non-executive directors are presented	The Compensation Policy has been published within the policies under the heading Corporate Governance on Investor Relations website. Related link: https://www.garantiinvestorrelations.com/en/corporate-governance/Compensation-Policy/Compensation-Policy/100/411/0
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Section: Corporate Governance Compliance Report > Remuneration, Page: 176,177

NAMES OF THE BOARD COMMITTEES	NAME OF COMMITTEES DEFINED AS "OTHER" IN THE FIRST COLUMN	THE PERCENTAGE OF NON-EXECUTIVE DIRECTORS	THE PERCENTAGE OF INDEPENDENT DIRECTORS IN THE COMMITTEE	THE NUMBER OF COMMITTEE MEETINGS HELD IN PERSON	THE NUMBER OF REPORTS ON ITS ACTIVITIES SUBMITTED TO THE BOARD
Corporate Governance Committee (including the functions of Nomination Committee)		75%	50%	3	2

GARANTI BANK'S RATINGS

Garanti Bank is rated by Fitch Ratings, Moody's, Standard & Poors and JCR Eurasia. The Long Term LC and FC ratings of Garanti Bank assigned by JCR Eurasia Ratings represent investment grade.

Garanti Bank is included in the Borsa Istanbul (BIST) Corporate Governance Index by achieving an overall corporate governance score of 9.60 assigned by JCR Eurasia Ratings for its superior compliance with Capital Markets Board Corporate Governance Principles.

CORPORATE GOVERNANCE RATING

JCR Eurasia Ratings (Outlook: Positive)

Overall Compliance Score: 9.60

SECTIONS	WEIGHT	SCORE
Shareholders	25%	9.22
Disclosure and Transparency	25%	9.67
Stakeholders	15%	9.72
Board of Directors	35%	9.76



For detailed information on Garanti Bank's ratings, their definitions, rating and outlook actions, please refer to Garanti Investor Relations website ratings section.

CREDIT RATINGS

FITCH RATINGS (OCTOBER 1, 2018)

(Outlook: Negative)

Long Term FC	BB-
Long Term LC	BB

MOODY'S (SEP 26, 2018)

(Outlook: Negative)

Long Term FC Deposits	B2
Long Term LC Deposits	B1

S&P GLOBAL RATINGS (AUGUST 17, 2018)

(Outlook: Stable)

Long Term FC	B+
Long Term LC	B+

JCR EURASIA RATINGS (AUGUST 17, 2018)

(Outlook: Negative)

Long Term International FC	BBB
Long Term International LC	BBB+

PROFIT DISTRIBUTION

We propose our esteemed shareholders the profit of TL 6,638,235,755.02, which is generated in the 73rd fiscal year of the Bank, to be distributed as detailed in the table below in accordance with the "Article 45 - Distribution of the Profit" of the Articles of Association of the Bank and the Head Office to be authorized to conduct the operations regarding the issue.

Sincerely,
Board of Directors

2018 DISTRIBUTION OF THE PROFIT TABLE

(Turkish Liras)

NET PROFIT	6,638,235,755.02
A - 5% for the 1 st Legal Reserve Fund (TCC 519/1)	0.00
B - FIRST DIVIDEND CORRESPONDING TO THE 5% OF THE PAID UP CAPITAL	0.00
C - 5% Extraordinary Reserve Fund	331,911,787.75
D- SECOND DIVIDEND TO ORDINARY SHAREHOLDERS	0.00
2 nd Legal Reserve Fund (TCC 519/2)	0.00
The other funds have to be kept in the Bank (CIT 5/1/e)	6,416,192.13
D - Extraordinary Reserve Fund	6,299,907,775.14

INFORMATION ON DIVIDEND PAYOUT RATIO

GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE (NOMINAL VALUE: 1TL)	
	Cash (TL)	Bonus Share (TL)	Ratio (%)	Amount (TL)	Ratio (%)
GROSS	-	-	-	-	-
NET	-	-	-	-	-