

# T. GARANTİ BANKASI A.Ş. INTERNAL DIRECTIVE ON THE WORKING PRINCIPLES AND PROCEDURES OF THE BOARD OF DIRECTORS

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The English version is a translation of the original in Turkish for information purposes only. In the event of discrepancy, the Turkish original shall prevail.

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## **Internal Directive on the Working Principles and Procedures of the Board of Directors**

The purpose of this Internal Directive on the Working Principles and Procedures of the Board of Directors is to determine the working principles and procedures of T. Garanti Bankası Anonim Şirketi's (the "Bank") Board of Directors in accordance with the provisions of the Law, relevant legislations and Articles of Association. This Internal Directive applies to all meetings of the Bank's Board of Directors.

### **1. Duties and Powers of the Board of Directors**

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.

The Board of Directors, other than the powers given to the General Assembly under relevant laws or the Articles of Association, is entitled to adopt resolutions regarding all kinds of acts and transactions necessary to fulfil the Bank's scope of activity, and to establish committees and commissions which may consist of the board members for the purposes of observing the course of business, preparing reports regarding the subjects to be brought before itself, enforcing its resolutions or internal auditing.

The Board of Directors is authorized to delegate its management powers fully or partially to one or more board members or third parties, or to determine the division of duties between the board members in accordance with an internal regulation prepared by itself.

Board Members shall comply with their duties as defined by legislations and by the Bank's procedures and policies in a manner that is faithful to the interests of the Bank.

The Directors' Liability Insurance is provided regarding to the individual liabilities of the Board Members for the defective actions of them during the performance of their duties and powers.

### **2. Meetings of the Board of Directors**

The Board of Directors shall convene as and when necessitated by the Bank's affairs and transactions, but at least once in a month. The annual calendar of the scheduled Board of Directors meetings is conducted and presented to the Board Members in the end of the previous calendar year at the latest. Nonetheless, the Board Members may convene on different dates than the ones stated on the annual calendar when it is deemed necessary.

The agenda of the Board of Directors Meeting is mainly consists of the matters which is proposed for discussion by any of the Board Members including the CEO.

The members of the Board of Directors, in cases prohibited by the Banking Law, Capital Market legislations and Turkish Commercial Code, shall not attend the discussions of the Board of Directors.

According to the related legislations; if none of the Board Members requests for a meeting, the Board of Directors' Resolutions may be conducted without a psychical meeting but by taking the written consent of enough members regarding to the quorum on the proposal of one of the Board Members on a matter which is written in the form of a resolution.

The Board Members are notified by the CEO within a reasonable time period prior to the meeting, regarding the meeting time and the articles of the agenda that are to be proposed for approval in order to enable the Board Members to make assessments and the related documents are delivered to the Board Members. In case the Board Members demand for additional information regarding the articles of the agenda, such information is provided by the Corporate Secretary.

The employees responsible from the matter subjected to the information demand or the related personnel may be invited to the Board of Directors meetings to provide explanations and make presentations as to satisfy the need for information upon requests of the Board Members. Additionally, the Corporate Secretary attends to the meetings and may provide consultancy when it is deemed necessary.

Every article of the agenda is discussed separately during the meetings and the Board Members may express different opinions, cast dissenting votes and to notate on the resolutions; and the articles of the agenda is voted in line with the democratic principles. Reason for every dissenting vote on issues about which different views are expressed during any Board Meeting is recorded in the minutes and signed by the member(s) who cast the dissenting vote(s). Each member of the Board of Directors has one vote and the members do not have any privileged voting right and/or vetoing right.

The Board of Directors shall be convened and resolved by the Chairman and when the chairman is not present by the deputy chairman; the discussions in the meetings are recorded in the minutes and the minutes is signed by the attending Board Members. The Board of Directors' Resolution Book is kept on a regular basis in line with the legislations and is archived.

### **3. Composition of the Board of Directors and Quorum**

The Board of Directors is consisting of the number of members that are stated on the related legislations and the Bank's Articles of Association. The General Assembly sets the number of the Board Members prior to the election and elects Board Members in the number determined. Number and qualifications of the independent members who shall be appointed to the Board of Directors is determined in accordance with the Capital Markets Board regulations on corporate governance. The Board of Directors convene and the Board's resolution is resolved in accordance with the quorum of the Board of Directors stated in the related legislations and the Bank's Articles of Association.

The members of the Board of Directors are elected by the General Assembly for a maximum period of three years. A member, whose office term has terminated, may be reelected. The Board Members are required to attend the meetings individually. The Bank's CEO is the natural member of the Board of Directors according to the Banking Law.

The Board Members are entitled to attend the Board of Directors' meeting by electronic means as per of the Turkish Commercial Code. The Bank may establish the electronic meeting system by itself to enable Board Members attend such meetings and vote by electronic means or purchase the same from dedicated system providers pursuant to the provisions of the related legislations.

Number of the independent members who shall be appointed to the Board of Directors shall be determined in accordance with the Capital Markets Board regulations which set forth the number of independent members for banks.

#### 4. Self-assessment Principles of the Board Members

The Board Members, acting in care of a prudent businessman in line with the position and duties assigned to them, shall clearly express their oppositions during the meetings when they consider that a draft resolution submitted to the Board of Directors may be contrary to the Bank's interests or could not be in favor of the interest of the shareholders and are expected to add notations to such resolutions. Board Members must devote to their duties the time and effort which is necessary to perform them efficiently. They are expected to attend the meetings unless they can justify the reason for their absence and to make suggestions as to improve the Bank's operations. The Board Members are obliged to evaluate their own self-performances at least once a year as to determine the compliance level with these kinds of principles.

#### 5. Corporate Secretary

The Corporate Secretary is established in order to provide the communication between the Board Members themselves and the Head Office and appointed with the roles and responsibilities regarding the Board of Directors meeting processes listed below:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings, facilitate board communications;
- Advise the Board with respect to matters discussed at the Board meetings, provide counselling on legal and governance matters to Board members;
- Responsible for corporate disclosures to be made in compliance with applicable laws;
- Oversee shareholders relations and manage processes regarding the general assembly meetings;
- Ensure that similar governance procedures are followed in Subsidiaries regarding the Board of Directors and general assembly meetings;
- Monitor developments regarding corporate governance and provide counselling to the Board of Directors and the relevant committees in these matters.

#### 6. Effective Date of the Internal Directive and Amendments

This Internal Directive On The Working Principles And Procedures Of The Board Of Directors is executed by the Bank's Board of Directors and published on the Bank's website. This Internal Directive On The Working Principles And Procedures Of The Board Of Directors has been accepted in the Bank's Board of Directors' meeting dated 13/12/2018 and have entered into force by the approval of the Board. All of the amendments to be done shall be subjected to the same procedure.