

Garanti BBVA Group Corporate Governance Policy

Türkiye Garanti Bankası A.Ş.

Corporate Legal Services

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Garanti BBVA Group Corporate Governance Policy

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1. Introduction

- 1.1. Türkiye Garanti Bankası A.Ş. (hereinafter “**Garanti BBVA**” or the “**Bank**”), being a member of an international financial group (BBVA Group) composed of legally autonomous companies, is primarily dedicated to banking activity, as well as other directly or indirectly related activities held through its branches and affiliates within and outside of Turkey (together, the “**Garanti BBVA Group**” or the “**Group**”). This Corporate Governance General Policy (the “**Policy**”) is applicable for Garanti BBVA Group.
- 1.2. In accordance with the applicable legislations to the Bank, especially (i) the Regulation on Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency (“**BRSA**”) in the Official Gazette dated 01/01/2006 and numbered 26333 and the (ii) the Communiqué on Corporate Governance numbered ii-17.1 published by the Capital Markets Board (“**CMB**”) and also in alignment with the Bank’s main shareholder BBVA S.A.’s (“**BBVA**”) group policies, Garanti BBVA’s Board of Directors hereby establishes and approves this Policy.
- 1.3. The Corporate Governance Principles published by BRSA and CMB are taken into consideration by the Bank while carrying out its activities even though all of the principles are not stated explicitly in this Policy. This Policy is complimentary of the above mentioned legislation and in all cases, such regulations shall prevail.

2. Purpose and scope of application

Purpose

- 2.1. Garanti BBVA’s Board of Directors, as the management body of the parent institution of the Garanti BBVA Group, acknowledges the importance of having a corporate governance system which regulates and organises the relationship between the Bank, its management and the entities of the Garanti BBVA Group, and BBVA.
- 2.2. This Policy sets out the general principles, objectives and main characteristics of Garanti BBVA Group’s corporate governance and its internal organisation, including the relationship model between Garanti BBVA and the subsidiaries comprising the Garanti BBVA Group (each an “**Entity**”, collectively as the “**Entities**”) as well as BBVA.
- 2.3. This Policy provides guidelines for the establishment of corporate governance systems in the Garanti BBVA Group’s Entities and for the development of a coherent internal governance, allowing the Garanti BBVA Group-level integration of key decisions and the supervision and control thereof, respecting at all times the autonomous management of each Entity, adapted to their specific realities and regulations.
- 2.4. All of which is aligned with a common corporate culture for the Garanti BBVA Group, based on a set of values and behaviours which are promoted from the highest level of the organisation and reflected in the day-to-day of all its members.

Scope of application

- 2.5. This Policy applies to Garanti BBVA and will provide a reference framework for the establishment and development of the Garanti BBVA Group’s Entities’ own governance policies and systems, which must be coherent and consistent with this Policy.

- 2.6. In its application, in view of the principle of proportionality, consideration shall be given to the nature, scale and complexity of the risks inherent in the business model and the activities carried out by each Entity, as well as their size and the local and sectoral regulations that apply in each case.
- 2.7. To this effect, the provisions of this Policy may have a different scope in the different Garanti BBVA Group's Entities, in accordance with the principle of proportionality, as established in **Appendix I**.
- 2.8. In the event that any provision of this Policy conflicts with applicable local or sectoral legislation, the specific laws applicable to each Entity must prevail.

3. General principles

- 3.1. Garanti BBVA Group's corporate governance adheres to the following general principles:
 - An appropriate composition of the management bodies;
 - A clear distribution of functions among the corporate bodies, as well as between these and the executive level;
 - A solid decision-making process accompanied by a robust informational model.
 - A comprehensive system for the monitoring, supervision and control of the management; and
 - An appropriate relationship between Garanti BBVA and the Entities as well as BBVA.
- 3.2. Taking into consideration the above principles, the corporate governance systems within the Garanti BBVA and its internal organisation must be oriented towards promoting the objectives and the long-term interests of Garanti BBVA and the Garanti BBVA Group's Entities, in accordance with its strategic priorities, the values and the purpose of the Garanti BBVA Group.

4. Policy provisions/guidelines

4.1. Garanti BBVA Group's Corporate Governance System

- 4.1.1. Based on the principles set out in the previous section, Garanti BBVA's Board of Directors has established a sound and effective corporate governance system, where the structure and functioning of its Corporate Bodies¹ are oriented towards fulfilling the corporate interest (hereinafter the "**Garanti BBVA Corporate Governance System**").
- 4.1.2. This Garanti BBVA Corporate Governance System has been developed based on a set of internal rules, among which are the Articles of Association, the Regulations of the General Shareholders' Meeting, the Working Principles and Procedures of the Board of Directors and those of its various committees, which establish their rules of operation and internal system, as well as different instruments of Internal Regulation (mainly General Policies).

Board of Directors

- 4.1.3. Garanti BBVA's Board of Directors (the "**Board**") is the natural body of representation, administration, management and supervision of the Bank and, as such, it is collectively responsible for the highest functions in terms of the management and supervision of the

¹ For the purposes of this Policy, Garanti BBVA's Corporate Bodies will be understood as the Board of Directors of the Bank and its various Committees.

Bank. The Board's functions and operation are set out in the Articles of Association and the Working Principles and Procedures of the Board of Directors.

- 4.1.4. The composition of Garanti BBVA's Board of Directors enables the Corporate Bodies to carry out their duties effectively. To this end, the Board comprises an appropriate combination of executive and non-executive members who provide the diversity of knowledge, skills, experience and gender that is required at all times, in line with the *Garanti BBVA Board of Directors Suitability and Diversity Policy*, approved by this body.
- 4.1.5. In accordance with said Policy, members of Garanti BBVA's Board of Directors must at all times meet the suitability requirements needed to hold the position. They must have recognised business and professional repute, have adequate knowledge, skills and experience to carry out their duties, and be in a position to exercise good governance of the Bank.
- 4.1.6. Board Members must comply with the obligations and duties set out in the applicable legislation and in Garanti BBVA's own internal rules. In addition, Board members shall be subject to the incompatibility and limitations regime set out in the applicable regulations and shall devote the necessary time and effort to the performance of their duties.
- 4.1.7. The structure and composition of Garanti BBVA's Board of Directors is supplemented by a scheme whereby roles are distributed between the various Corporate Bodies and their members, to ensure that there is an adequate balance of powers and thus avoid an undue concentration of powers in any single person or body.
- 4.1.8. The remuneration of the members of the Bank's Board of Directors is governed by the provisions of the *Compensation Policy* as approved by the Board of Directors and submitted for the information of shareholders at the General Shareholders' Meeting. Furthermore, the remuneration amounts of the Board members are approved by the shareholders at the General Shareholders' Meeting in each financial year.

Board Committees

- 4.1.9. Garanti BBVA's Board of Directors has a structure based around specific committees, comprising members of the Board, which each assist the Board on matters within their remit and which have been established based on an appropriate distribution of functions, as set out in their corresponding regulations (the "**Board Committees**" or the "**Committees**").
- 4.1.10. In the execution of their functions, the Committees carry out an in-depth review of the issues and proposals submitted by the executive areas for consideration by the Corporate Bodies, with the aim of aligning these proposals with the defined common management and control framework. As such, the Committees are essential in ensuring proper performance of oversight and control functions.
- 4.1.11. As of the date of this Policy, the Board has the following Committees: the Audit Committee, the Risk Committee, the Corporate Governance Committee, the Remuneration Committee, and the Credit Committee; and may establish any other Committees it deems necessary to assist the Board on matters within its remit.

4.2. Corporate Governance System of the Garanti BBVA Group's Entities

- 4.2.1. Garanti BBVA Group's Entities shall establish corporate governance systems that are consistent, appropriate and well integrated with Garanti BBVA's and that will have the following main characteristics:
- They shall be guided by the principles described in section 3 of this Policy and shall use Garanti BBVA's Corporate Governance System as a reference.
 - They shall aim to promote the protection of the corporate interest, along with the general interest of the Garanti BBVA Group as a whole.
- 4.2.2. In addition, the corporate governance systems of Garanti BBVA Group's Entities will have the following basic elements concerning the structure, composition and functioning of their corporate bodies, the application of which in each Entity may differ in view of applicable local or sectoral regulations, shareholders' agreements that may exist and the principle of proportionality, as indicated below and in **Appendix I**.

Management body

- 4.2.3. Garanti BBVA Group's Entities shall establish an appropriate management body² to ensure the effective management and supervision of each Entity, whose structure and functions shall be adapted to the applicable local or sectoral regulations and to their activities, size, complexity and needs. In particular, the management body shall have:
- A structure and size appropriate to fulfil its functions;
 - A member composition appropriate to the Entity's legal requirements and operational needs; and
 - The functions and responsibilities necessary to comply with applicable laws, which will be formalised in their respective bylaws, regulations or equivalent internal rules.
- 4.2.4. In the case of the Entities set out in **Appendix I** to this Policy, the management body will take the form of a **board of directors**, or equivalent body that makes decisions in a collective manner, with the characteristics described in said Appendix.
- 4.2.5. The management bodies of the Entities will document their meetings—as well as the main resolutions adopted and the conclusions reached during said meetings—in the relevant minutes, which shall comply with the applicable legislation, to ensure that the decision-making process is traceable and adequately formalised.

Committees of the management body

- 4.2.6. The management bodies of the Entities shall establish the committees that are required by applicable local or sectoral regulations or those deemed necessary, in order to support them in the performance of their functions.
- 4.2.7. Notwithstanding the foregoing, the board of directors of the Entities listed in **Appendix I** will constitute the committees established in said Appendix, with the structure, composition and minimum functions established therein.

² For the purposes of this Policy, management body shall be understood as the board of directors or equivalent body, as well as a management system comprised by a single administrator or various joint administrators.

- 4.2.8. The committees will periodically inform the Entity's management body of their activities and will coordinate among themselves and with the management body for the better performance of their functions.
- 4.2.9. Likewise, to ensure the proper traceability and formalisation of the decision-making process, the committees will document their meetings, as well as the main resolutions adopted and the conclusions reached during said meetings, in the relevant minutes, which shall comply with the applicable legislation.

Composition

- 4.2.10. The management bodies of Garanti BBVA Group's Entities shall have a composition that is appropriate for their legal requirements, their shareholder structure and their operational needs, including, where appropriate, executive members (who carry out management functions at the Entity), members representing shareholders, independent members or other type of members.
- 4.2.11. Additionally, in order to achieve an appropriate and balance composition, the management body shall promote diversity within its members, in line with the needs of the Entity.
- 4.2.12. Members of the Entities' management bodies must meet the suitability requirements at all times. For these purposes, they must have:
- Sufficient commercial and professional repute (meaning they shall conduct themselves personally, commercially and professionally in a manner that casts no doubt on their ability to undertake sound and prudent management of the Entity);
 - The knowledge, skills and experience required to perform their duties;
 - The ability to adequately govern the Entity in which they perform their function (understood as the absence of conflicts of interest and the ability to devote sufficient time and effort to exercise their duties).
- 4.2.13. In addition, the management body as a whole must at all times have the appropriate knowledge, skills and experience to be able to understand the Entity's activities, including the main risks associated with it.
- 4.2.14. In order to assess the suitability requirements set out in the preceding paragraphs, the Entities will abide by the internal procedures established in Garanti BBVA Group, as well as the criteria set out in their applicable regulations. Entities may also have a policy that must be consistent with the *Garanti BBVA Board of Directors Diversity and Suitability Policy*.
- 4.2.15. In order to help members of the Entities' management bodies perform their functions and assist them in understanding the structure, business model, risk profile and the corporate governance system of the Entity and Garanti BBVA Group, Entities may have specific training programmes.

Remuneration

- 4.2.16. The remuneration which, if any, the members of the Entities' management bodies may receive for such position must be aligned with the general principles set out in their compensation policies and will be taken into account the level of responsibility, dedication and functions carried out by each Board member, as well as the value of the role in the market.

- 4.2.17. The remuneration system for the members of the Entities' management bodies, as well as the specific remuneration they may receive for holding the position, must be approved by the relevant corporate body³ of the Entity under the applicable legislation.

5. Internal organisation of the Garanti BBVA Group

Garanti BBVA Group has an internal governance model for management and supervision aimed at achieving Garanti BBVA Group's objectives and interests. This model includes the following main elements:

- I. A clear, adequate and transparent corporate structure; and an organisational structure with clear and well-defined reporting lines;
- II. A common management and control framework, made up of basic guidelines (including the Strategic-prospective decisions⁴) and General Policies established by Garanti BBVA's Corporate Bodies for Garanti BBVA (hereinafter, the “**General Management and Control Framework**” or “**GM&CF**”); and
- III. A model governing the relationship between Garanti BBVA and Garanti BBVA Group's Entities that allows the General Management and Control Framework and other relevant decisions to be implemented, respecting the autonomous management of each Entity adapted to its reality and regulations.

5.1. Organisational and corporate structure

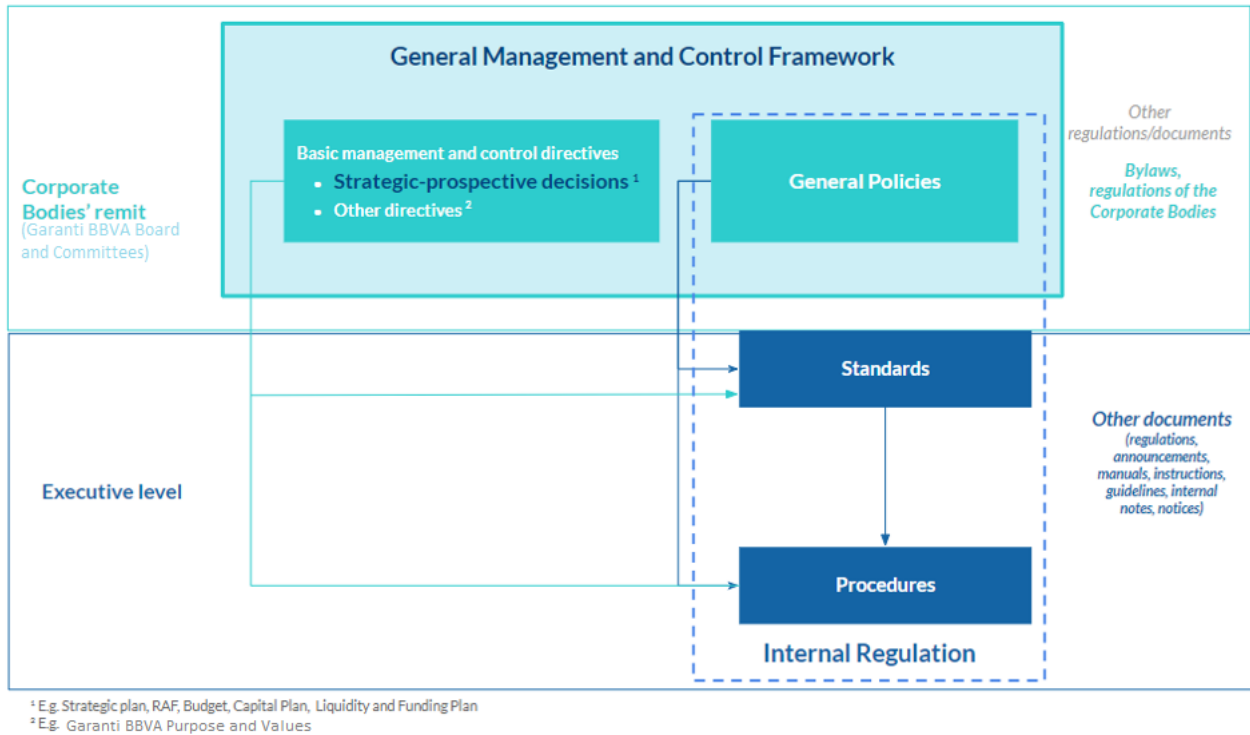
- 5.1.1. In order to define Garanti BBVA's corporate structure—the responsibility of which lies with the Bank's Board of Directors—the Board shall take into account the principle of transparency, ensuring that Garanti BBVA's structure:
- Is not unduly complex or inadequate;
 - Has clearly defined purposes;
 - Complies with applicable regulations; and
 - Facilitates good governance and the effective management and monitoring of Garanti BBVA's risks.
- 5.1.2. Garanti BBVA's Board of Directors has also established a clear organisational structure, with well-defined, transparent and consistent reporting lines. This structure should be adapted to the activity developed and to the approved business strategy and risk profile.
- 5.1.3. In order to implement the foregoing Garanti BBVA has an organisational structure that is based on Business Areas and Bank's main shareholder BBVA S.A.'s holding areas, which are led by the respective Executive Vice Presidents.
- 5.1.4. The Group's Entities shall take the foregoing aspects into account when defining their own group and organisational structure, where appropriate, and they must also align with the rules, procedures and criteria established for this purpose by Garanti BBVA.

³ For this purpose, “corporate body” shall be understood as the management body, or the General Shareholders' Meeting or sole shareholder of the Entity, or equivalent body in accordance with applicable local or sectoral legislation.

⁴ These decisions constitute decisions that are relevant to the Bank, such as the Strategic Plan, the Risk Appetite Framework, the Budget, the Capital Plan and the Liquidity and Funding Plan.

5.2. General Management and Control Framework

5.2.1. As mentioned, Garanti BBVA has a General Management and Control Framework established by Garanti BBVA's Corporate Bodies, which allows for integrated management and supervision.



5.2.2. At the date of this Policy, the GM&CF consists mainly of:

Strategic- prospective decisions:

- Strategic Plan
- Risk Appetite Framework (**RAF**)
- Budget
- Capital Plan
- Liquidity and Funding Plan

General Policies:

It includes, amongst others, the General Policies in the areas of:

- Risks
- Internal Control (Audit and Compliance)
- Remuneration

5.2.3. The Executive Vice Presidents that are responsible for each matter shall submit the proposals regarding the Strategic-prospective decisions and the General Policies that

make up the General Management and Control Framework to Garanti BBVA's Corporate Bodies, once they have been appropriately coordinated with the Chief Executive Officer of the Bank.

- 5.2.4. The Board of Directors shall supervise and control the GM&CF, supported by the work carried out by its Committees.
- 5.2.5. For the supervision indicated above, Garanti BBVA's Corporate Bodies shall receive reports from the appropriate Executive Vice Presidents on the matters within their remit, and shall monitor the implementation of the decisions by management, while ensuring that they are implemented in a coordinated and coherent manner and, where necessary, adopting the appropriate measures to rectify specific situations.
- 5.2.6. The decisions comprising the GM&CF are also supervised and controlled in line with Garanti BBVA's internal control model, with the aim to promote the effective management of the risks associated with the activities carried out in the Bank, keeping risk levels within the defined limits and proposing, where appropriate, the necessary mitigating measures, all of which following a three-line of defence scheme.

5.3. Parent-subsidiary relationship model

- 5.3.1. The implementation of the General Management and Control Framework in the Group is based on a relationship model between Garanti BBVA and the Group's Entities that allows, firstly, for the Entities to be aligned with the main decisions that comprise this framework and, secondly, for each Entity to be managed autonomously in line with its reality and regulations.
- 5.3.2. The Group's Entities will carry out their activity and manage their businesses independently, counting on their own means and structure for an appropriate decision-making process and oversight and control.
- 5.3.3. To comply with the Group's common interests and policies and for proper integration into the Group, the decisions which include at least the following, although not part of the Group's GM&CF, due to their relevance, impact and importance, must be notified to Garanti BBVA by the relevant Entity in order to obtain an advice and/or recommendation from Garanti BBVA as the parent institution, before the Entities approve the relevant decision:
 - Corporate transactions, investments or divestments, within certain quantitative thresholds, or on a strategic basis;
 - Plans and projects that are considered important to the Group and that result from its activity, depending on their relevance to the Group and its strategy;
 - Appointment, removal and re-appointment of the Entities' directors;
 - Share capital reductions and increases.
- 5.3.4. The aforementioned decisions will be made in accordance with the internal procedures established by relevant Entity, submitting, where appropriate, the proposals for the approval of its Corporate Bodies.

6. Governance and oversight model for the Policy

- 6.1. This Policy has been approved by the Bank's Board of Directors on 01/12/2022, following a report from the Corporate Governance Committee, and will enter into force upon its approval.
- 6.2. The Policy has been drawn up and prepared by the Corporate Legal Services Department. The Corporate Secretariat area will periodically review the Policy to guarantee that it is aligned with the regulatory framework and the reality of the Garanti BBVA Group at all times. Any updates or modifications considered convenient or necessary must be submitted to Garanti BBVA's Corporate Bodies for consideration.
- 6.3. As responsible for this Policy at management level, Corporate Legal Services Department and Organization & BPE Department shall ensure the proper communication of the Policy within the Garanti BBVA Group, coordinating the necessary tasks for its roll-out to the Entities in accordance with the provisions of the Internal Regulation Framework and Internal Regulation Standard.
- 6.4. The Board of Directors, within its oversight, control and periodic assessment of the effectiveness of the Corporate Governance System functions, assisted by the Corporate Governance Committee, shall oversee the implementation of this Policy.
- 6.5. The Executive Vice Presidents will ensure that this Policy is communicated and distributed within their respective areas of responsibility, looking after its implementation within the Bank. To this end, and where appropriate within their respective areas of responsibility, they will facilitate the provision of sufficient means, systems and the necessary organisation for this Policy to be properly implemented in the Bank.

Appendix I. Proportionality criteria

1. Provisions regarding the Corporate Governance Systems of the Group's Entities

Based on the principle of proportionality set out in this Policy, as well as in the regulations applicable to Garanti BBVA and its Group, the application of the requirements regarding the structure, composition and functioning of the Entities' corporate bodies referred to in Section 4.2 of this Policy shall be made taking into account the size, internal organisation and the nature, scale and complexity of the activity and the inherent risks.

In particular, the requirements contained in this Appendix shall apply to Entities that are listed below, unless this contradicts either local or sectorial regulations applicable in the relevant jurisdiction or the provisions of shareholders' agreements that may exist.

The **board of directors** of the Entities referred to in this Appendix shall have a number of members that is appropriate to their needs, as well as:

- a chairman, who will be responsible for the duties assigned by applicable local and sector regulations and, in particular, for ensuring the proper functioning of the board of directors;
- a secretary, who shall be responsible, in addition to the duties conferred on them by applicable local law, to ensure the legality of the board of directors' actions and to establish a coherent and integrated corporate governance system within the Group, in accordance with the provisions of this Policy; and
- if necessary, these Entities may establish other roles within the board of directors.

The Groups' Entities mentioned in this Appendix shall establish **the committees** required by the applicable regulations and in particular:

- An **audit committee**, with its main task being assisting the board of directors in overseeing: (i) the preparation of the financial statements and financial information that the Entity is required to make publicly available on a regular basis, (ii) the relationship with the external auditor and (iii) the internal audit.
- A **risk committee**, with its main task being assisting the board of directors in determining and monitoring the Entity's risk management and control policy and overseeing it.

These committees shall be composed for a majority of members of the board of directors. Entities may combine risk and audit committees, unless this is forbidden by applicable regulations.

2. Provisions regarding the internal organisation

In view of their importance to the Garanti BBVA Group, the following Entities (and future Entities which may be established to carry out their activities in the banking or finance sectors) must approve the Strategic-prospective decisions mentioned in section 5.2.2 of this Policy by their relevant body:

GARANTİ FAKTORİNG A.Ş.

GARANTİ FİLO YÖNETİM HİZMETLERİ A.Ş.

GARANTİ FİNANSAL KİRALAMA A.Ş.

GARANTİ EMEKLİLİK VE HAYAT A.Ş.

GARANTİ YATIRIM MENKUL KIYMETLER A.Ş.

GARANTİ PORTFÖY YÖNETİMİ A.Ş.

GARANTİ ÖDEME SİSTEMLERİ A.Ş.

GARANTİ KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ A.Ş.

GARANTİ ÖDEME VE ELEKTRONİK PARA HİZMETLERİ A.Ş.

Glossary

- **Garanti BBVA or the Bank:** Türkiye Garanti Bankası A.Ş., as the Garanti BBVA Group's parent company.
- **Garanti BBVA Group or the Group:** an international financial group, composed of Garanti BBVA, as the parent company, and other legally autonomous companies, primarily dedicated to banking activity, as well as other directly or indirectly related activities
- **Strategic-prospective decisions:** guidelines that form part of the General Management and Control Framework established by the Garanti BBVA Corporate Bodies and that constitute decisions relevant to the Bank. As of the date of this Policy, these decisions are: the Strategic Plan, the Risk Appetite Framework (RAF), the Budget, the Capital Plan and the Liquidity and Funding Plan.
- **Garanti BBVA Group's Entities:** the companies that make up the Garanti BBVA Group over which the Bank has management control and which are within the scope of application of this Policy.
- **Executive Vice Presidents:** Persons responsible for the Garanti BBVA's Business Areas. As of the date of this Policy, executives responsible for: Client Solutions, Retail Banking, SME Banking, Commercial Banking, Corporate and Investment Banking & Global Markets, Payment Systems & Partnership, Finance & Treasury, Credit Risk Management, Risk Management, Engineering & Data, Talent & Culture, Legal, Internal Control, Internal Audit, Compliance.
- **Internal Regulation Framework:** General Policy, approved by Garanti BBVA's Board of Directors, to standardise the different types of Internal Regulation (i.e. General Policies, Standards and Procedures) in the Bank, providing guidelines to the executive level on preparing, implementing, reporting and overseeing General Policies.
- **General Management and Control Framework:** a set of basic management and control directives and General Policies approved by Garanti BBVA's Corporate Bodies, which form a common management and control framework for the Bank.
- **Garanti BBVA's Corporate Bodies:** for the purposes of this Policy: Garanti BBVA's Board of Directors and its Committees.
- **General Policies:** in accordance with the provisions outlined in the *Internal Regulation Framework*, the purpose of the General Policies is to establish the general principles, objectives and main management and control directives that the Garanti BBVA must follow in its various areas of activity and, in addition to forming part of the General Management and Control Framework, they may define or implement specific aspects of it.
- **Internal Regulation:** in accordance with the provisions outlined in the Internal Regulation Framework, Internal Regulation will be understood as all mandatory provisions, with vocation of permanence in time, that define the action frameworks of people, areas or businesses that form part of Garanti BBVA, and that are approved internally, whether to implement the General Management and Control Framework, to meet regulatory or supervisory requirements or to regulate the organisation and operation of a specific area of activity or the Bank as a whole.