

## **MINUTES OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF GARANTI BANK A.Ş. HELD ON MARCH 29, 2018**

The Ordinary General Shareholders' Meeting of Garanti Bank A.Ş. for the year 2017 was held on 29 March 2018 at 10.00 a.m. at the address of Levent, Nispetiye Mahallesi, Aytar Caddesi No: 2 Beşiktaş, İstanbul, under the supervision of the representatives of the Ministry of Customs and Trade Sabire Elbüken, authorized by The Republic of Turkey, İstanbul Governorship Provincial Office for Trade's letter dated 28/03/2018 and numbered 90726394/431.03

The invitation to the meeting, including the agenda, was announced three weeks prior to the meeting date calculated by excluding the announcement and meeting dates in accordance with the relevant legislation and the Articles of Association, in the Turkish Trade Registry Gazette dated 6 March 2018, numbered 9530 and, in the Sabah and Hurriyet Newspapers dated 6 March 2018, on the Bank's websites at [www.garanti.com.tr](http://www.garanti.com.tr) and [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com), on the Public Disclosure Platform and on the Electronic General Assembly System and e-Company Information Portal of the Central Registry Agency.

Pursuant to paragraphs 5 and 6 of article 1527 of the Turkish Commercial Code, the Bank's preparations for its Electronic General Shareholders' Meeting were carried out in compliance with the regulations, and the General Shareholders' Meeting started simultaneously on physical and electronic platforms. Ömer Çirkin was assigned the task of handling the Electronic General Assembly System.

Alper Güvenç, the representatives of the Bank's auditor and group auditor KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) were present at the meeting.

Upon examination of the Attendance List, it was concluded that out of the 420.000.000.000 shares equivalent to the Bank's issued capital of TRY 4.200.000.000; a total of shares corresponding to TRY 3.530.483.031,86 were present in the meeting with shares corresponding to TRY 41.106,86 being represented in person and shares corresponding to TRY 3.530.441.925 being represented by proxy whereas shares corresponding to TRY 1.436.741.925 were represented by the representatives of the depositors. Therefore the minimum meeting quorum set forth in the legislation and the Articles of Association was met.

The Meeting was opened by Board Member/General Manager Ali Fuat Erbil in accordance with Article 34 of the Bank's Articles of Association and the Internal Directive for the Working Methods and Principles of the General Assembly.

**1-)** In order to establish the Board of Presidency, the proposal given by Ceylan Kara, the representative of Banco Bilbao Vizcaya Argentaria S.A, was read and voted.

Upon the proposal that was submitted, with affirmative votes of shares corresponding to TRY 3.518.791.828,86; it was resolved that Avni Aydın Düren be elected as the President of the Meeting.

The President of the meeting assigned Ceylan Kara as the vote collecting clerk and Gizem Duygu Selvi as the secretary for writing the minutes of the meeting.

**2-)** The next agenda item was reading and discussing the Board of Directors' Annual Report for 2017. Since the report had been posted on the Bank's website, on the Public Disclosure Platform and on the Electronic General Assembly System and e-Company Information Portal of the Central Registry Agency three weeks prior to the General Shareholders' meeting for the examination of the shareholders, Ceylan Kara as the representative of Banco Bilbao Vizcaya Argentaria S.A, submitted

a proposal to assume the Annual Report as read. Following the voting, the proposal was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 124.599.826 versus affirmative votes of shares corresponding to TRY 3.405.878.107,86.

The Board of Directors' Annual Report for 2017 was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 124.592.626 versus affirmative votes of shares corresponding to TRY 3.405.885.307,86.

3-) The next agenda item was reading the Independent Auditor's Report for 2017. Since the report had been posted on the Bank's website, on the Public Disclosure Platform and on the Electronic General Assembly System and e-Company Information Portal of the Central Registry Agency three weeks prior to the General Shareholders' meeting for the examination of the shareholders, Ceylan Kara as the representative of Banco Bilbao Vizcaya Argentaria S.A, submitted a proposal to read only the "Summary Opinion" part of the Independent Auditor's Report. Following the voting, the proposal was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 124.598.726 versus affirmative votes of shares corresponding to TRY 3.405.879.207,86. The Summary Opinion part of the Independent Auditor's Report for the year 2017 was read to inform the shareholders.

4-) The Assembly moved on to the next agenda item on reading, discussion and approval of the financial statements for 2017. As the Financial Statements had been posted on the Bank's website, on the Public Disclosure Platform and on the Electronic General Assembly System and e-Company Information Portal of the Central Registry Agency within the legally prescribed time limit of three weeks prior to the general shareholders' meeting for the examination of the shareholders, Ceylan Kara as the representative of Banco Bilbao Vizcaya Argentaria S.A submitted a proposal to assume the financial statements as read. Following the voting, the proposal was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 214.558.863 versus affirmative votes of shares corresponding to TRY 3.315.916.987,86. The President had the summary of the financial statements read. Subsequently, the Assembly deliberated on the reports and they were put to vote.

The Financial Statements for the year 2017 were approved by the majority of the votes, with dissenting votes of shares corresponding to TRY 214.558.863 versus affirmative votes of shares corresponding to TRY 3.315.916.987,86.

5-) Dividend Policy of the Bank, which is revised in order to comply with the requirements of the Communiqué On Dividends (II-19.1) issued by the Capital Markets Board of Turkey, to increase the distributable profit from 25% to 30% provided that the distribution being still subject to the approval of the competent authorities was submitted for the approval of the General Assembly.

#### **T. Garanti Bankası A.Ş. Dividend Distribution Policy**

The details of our Bank's dividend distribution policy 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 distribute dividend in cash or capitalize the dividends and distribute the bonus shares which are to be issued by the Bank, or implement both methods together, and execute the dividend distribution within the time period specified in the relevant legislation.

Following the affirmative opinion of the Banking Regulation and Supervision Agency, the Bank's dividend distribution policy is in the manner to distribute up to % 30 of the distributable profit in cash or bonus shares, provided that there is no unfavorable situation in the local and/or global economic conditions and the standard rates, which are specified by the protective measures in the Banking Law no.5411 and its sub-regulations, are at the targeted level. Following the set aside of the legal reserves and the funds which have to be saved by the Bank, the remaining net profit amount which has not been distributed to the shareholders should be transferred to the Extraordinary Reserve Account.

Dividend distribution shall start within 3 months after the date of distribution decision at the latest, that it is started at the end of the accounting period in which decision of the distribution is given by general assembly meeting.

There is no dividend advance payment in the Bank.

In accordance with Article 46 of the Articles of the Association, the dividend distribution proposals shall be submitted for 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 target and the legal regulations applicable to the Bank. The dividend distribution resolution becomes effective when adopted in the General Assembly Meeting and resolutions shall be published via Public Disclosure Platform on the same day the resolution becomes effective.

The updated Dividend Policy was approved by the majority of the votes, with dissenting votes of shares corresponding to TRY 13.055.593 versus affirmative votes of shares corresponding to TRY 3.517.427.438,86.

6-) The proposal prepared by the Board of Directors for profit distribution for the accounting year 2017 was presented to the General Assembly for approval. The distribution of TRY 6.343.919.301,93 profit for 2017, in accordance with article 45 of the Bank's Articles of Association, as follows, and cash dividend of TRY 1.750.000.000 to be distributed starting on 24 April 2018, and the necessary actions to be taken by the Head Office were presented to the approval of the General Assembly.

<b>2017 DISTRIBUTION OF THE PROFIT TABLE - Turkish Liras</b>	
NET PROFIT	6.343.919.301,93
A - 5 % for the 1st Legal Reserve Fund (TCC 519/1)	0,00
B - First dividend corresponding to the 5 % of the paid up capital	210.000.000,00
C - 5 % Extraordinary Reserve Fund	306.695.965,10
D- Second Dividend To Ordinary Shareholders	1.540.000.000,00
2nd Legal Reserve Fund (TCC 519/2)	154.000.000,00
The other funds have to be kept in the Bank (CIT 5/1/e )	1.149.602,78
E- Extraordinary Reserve Fund	4.132.073.734,05

The proposal to distribute the profit for 2017 as shown above and to start the distribution of cash dividend of TRY 1.750.000.000 on 24 April 2018 was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 13.057.036 versus affirmative votes of shares corresponding to TRY 3.517.417.485,86.

The shareholders were also informed on the undistributed portion of the profit of 2017 as follows:

*"In accordance with the Regulation on Capital Conservation and Countercyclical Capital Buffers issued by the Banking Regulation and Supervision Agency (BRSA), the limits on the banks' profit distribution are determined by the BRSA. Therefore, for the distribution of the profit for 2017, the BRSA approval was obtained. Following the set aside of the legal reserves and the funds which have to be saved by the Bank and the distribution of the profit in accordance with the approval of the BRSA, the remaining net profit amount, which has not been distributed to the shareholders, is transferred to the Extraordinary Reserve Account to sustain the Bank's strong equity, to preserve the Bank's solid capitalization and continuous improvement, to maintain the Bank's capacity to*

*uninterruptedly distribute profit, to assure higher and consistent profit distribution in the long term and to be used for the expenses related to Bank's operational and management activities.*

7-) The appointments of Rafael Salinas Martinez De Lecea (TR Tax Number: 7410645065) and Ricardo Gomez Barredo (TR Tax Number: 3960744159) as real person Board Members at the Board of Directors' Meeting dated 08.05.2017, in order to fill the remaining term of office of the Board Membership positions vacated as a result of the resignations of Board Members Maria Isabel Goiri Lartitegui and Inigo Echebarria Garate during the year were submitted to the approval of the General Assembly.

The appointments were approved by the majority of the votes, with dissenting votes of shares corresponding to TRY 227.709.033 versus affirmative votes of shares corresponding to TRY 3.302.767.374,86.

8-) Release of the Board Members whose board memberships continue, with respect to their duties in the year 2017 was submitted to the approval of the shareholders. The Board Members were released from liability by the majority of the votes, with dissenting votes of shares corresponding to TRY 147.193.483 versus affirmative votes of shares corresponding to TRY 3.383.279.527,86.

9-) Since the terms of office of the Bank's the Board of Directors members have expired, a proposal was submitted by Ceylan Kara as the representative of Banco Bilbao Vizcaya Argentaria S.A, to determine the number of the Board of Directors as ten including the General Manager, to elect the below listed candidates for a period of three years and to elect Belkis Sema Yurdum for a period one year (which is the remaining term of office specified under the independency criteria) as the independent board member in accordance with the Corporate Governance Principles of the Capital Markets Board, for whom the Capital Markets Board of Turkey did not express an adverse opinion regarding her independent board membership candidature.

BOARD MEMBERS	
NAME	TR IDENTITY NUMBER/TAX NUMBER
SÜLEYMAN SÖZEN	██████████
JORGE SAENZ-AZCUNAGA CARRANZA	██████████
MUAMMER CÜNEYT SEZGİN	██████████
SAİT ERGUN ÖZEN	██████████
JAIME SAENZ DE TEJADA PULIDO	██████████
RAFAEL SALINAS MARTINEZ DE LECEA	██████████
JAVIER BERNAL DIONIS	██████████
RICARDO GOMEZ BARREDO	██████████

Following the voting, the determination of the number of the Board of Directors as ten including the General Manager, the appointment of the abovementioned candidates as Board members for a period of three years and the election of Belkis Sema Yurdum (TR Identity Number: 32551792004) for a period one year (which is the remaining term of office specified by the independency criteria set forth under the Corporate Governance Principles of the Capital Markets Board) as the independent board member was approved by the majority of the votes, with dissenting votes of shares corresponding to TRY 318.864.627 versus affirmative votes of shares corresponding to TRY 3.211.612.446,86.

Furthermore, in accordance with item 4.4.7. of the Corporate Governance Principles prepared by the Capital Markets Board, the shareholders were informed about the positions held by our Board

Members in our Bank's subsidiaries, group companies, affiliates as well as in other private sector companies and institutions in order to make available their knowledge and experience in such organizations.

<b>Name – Last Name of Member of Board of Directors</b>	<b>Positions Held Outside the Bank</b>
<b>Süleyman Sözen</b>	Chairman of Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. and İstinye Yönetim Hizmetleri ve Ticaret A.Ş., Vice Chairman of Doğuş Holding A.Ş. and Doğuş Sportif Faaliyetler A.Ş., Board Member of Gürel İlaç A.Ş., Görüş YMM A.Ş., Doğuş Croatia d.o.o and Board of Trustees in Teachers Academy Foundation
<b>Jorge Saenz-Azcunaga Carranza</b>	Head of Business Monitoring Spain, USA and Turkey, Head of Country Monitoring and member of the Global Leadership Team in BBVA, Board of Directors of BBVA Compass in the US, BBVA Bancomer in Mexico and Vice Chairman.
<b>Sait Ergun Özen</b>	Chairman of Doğuş Mobicel Dijital Hizmetler A.Ş, Chairman of Pozitif Müzik A.Ş., Chairman of Boyner Holding A.Ş, Board Member of Doğuş Holding A.Ş., Board Member of Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş., Board Member of Doğuş Sportif Faaliyetler A.Ş., Board Member of Atom Bank, Board Member of the Istanbul Foundation for Culture and Arts (IKSV), Board Member of Turkish Industry and Business Association (TUSIAD) and Board Member of the Trustees of Turkish Education Association.
<b>Dr. Muammer Cüneyt Sezgin</b>	Board Member and Audit Committee Chairman at Garanti Bank S.A. (Romania), Board Member at Garanti Pension and Life, Board Member of Garanti Securities, Board of Trustees Member at Teachers Academy Foundation, Board Member at World Wildlife Foundation Turkey
<b>Jaime Saenz De Tejada Pulido</b>	Member of the Executive Committee of the BBVA Group, CFO at BBVA Group
<b>Javier Bernal Dionis</b>	Board Member at Garanti Pension and Life, Board Member at Garanti Bank S.A. (Romania), Board Member at Garanti Leasing, Board Member at Garanti Securities and Board Member at Garanti Payment Systems.
<b>Rafael Salinas Martinez De Lecea</b>	Global Chief Risk Officer of the BBVA Group
<b>Ricardo Gomez Barredo</b>	BBVA Head of Accounting & Supervisors
<b>Belkis Sema Yurdum</b>	-

10-) Election of the Independent Auditor in accordance with Article 399 of Turkish Commercial Code, The selection of KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) (which is located at the address of İş Kuleleri, Kule 3, Kat 2-9, Levent-İstanbul, registered at the Istanbul Trade Registry with the number of 480474, the tax payer of Boğaziçi Kurumlar Tax Office with the number of 5890269940 and which has a central registration system number of 0589-0269-9400-0013) as the independent audit firm of the Bank and the group for the year 2018, in



accordance with the Turkish Commercial Code, was submitted for the approval of the General Assembly. The election was approved by the majority of the votes, with dissenting votes of shares corresponding to TRY 170.480.177 versus affirmative votes of shares corresponding to TRY 3.358.740.229,86.

**11-)** In accordance with principle no. 4.6.2 of the Corporate Governance Principles issued by the Capital Markets Board, our shareholders were informed as follows in relation to the principles of remuneration of the Board members and executives with administrative responsibilities.

*A remuneration policy applicable to all of our employees has been constructed and announced by our Bank in accordance with the legislation. A just and performance and success oriented remuneration policy has been created. Our Bank's Remuneration Policy has been implemented just as it was approved. It is being periodically reviewed. In addition to the remuneration policy applicable to the entire employees of our Bank, the Remuneration Committee has continued to apply the policies, which are not merely profit-oriented, as per the legislation in relation to the remunerations and premiums payable to the Board of Directors members charged with administrative duties and the Top Level Executives, and has reviewed these periodically. The policy, developed in parallel with the national legislation and international practices, has continued to be applied.*

*The portion of 13.03 % in the total personnel cost figure given in the financial statements in relation to the benefits provided in 2017 to the Bank employees including the Board of Directors members and the top level executives results from the payments of premiums and variable remunerations made to all employees on the basis of their performance.*

Additionally, the shareholders were informed as follows regarding the Compensation Policy, which is revised by the Board of Directors both in accordance with the Banking Regulation and Supervision Agency Guideline on Good Compensation in Banks and the amendments to the salary adjustment schedule and variable payments applications and submitted for the review of the shareholders on the Bank's internet addresses at [www.garanti.com.tr](http://www.garanti.com.tr), [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com), Public Disclosure Platform, EGKS and E-Company portal of MKK ([www.mkk.com.tr](http://www.mkk.com.tr)) within the legal period.

The Bank's Compensation Policy, which aims to constitute and execute the compensation applications and implementations of the Bank in accordance with a reliable and an efficient risk management perception, was revised in 2017 in line with the Banking Regulation and Supervision Agency Guideline on Good Compensation in Banks. Within this scope;

- an identified staff definition has been added,
- the main principles has been identified regarding the bonus payments of the identified staff,
- the changes have been made regarding wage increase periods and bonus applications.

**12-)** During the deliberations on the agenda, Ceylan Kara, the representative of Banco Bilbao Vizcaya Argentaria S.A. presented a proposal. In accordance with this proposal, it was submitted for the shareholders' approval that the net honorarium amount of TRY 4,000 paid to the Board Members remain unchanged, that in case the Board Members are assigned for another duty in the Bank, the payments to these members and to other independent members be determined by the Remuneration Committee to be authorized by the Board of Directors as per the Corporate Governance Principles, that an upper limit of TRY 23.000.000 net amount be set for the total fees to be paid until the ordinary general shareholders' meeting to be held in 2019. The proposal was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 1.004.229.564 versus affirmative votes of shares corresponding to TRY 2.524.488.614,86.

13-) Shareholders were informed regarding the donation of TRY 12.926.091 made by the Bank to entities and institutions within the year 2017.

Furthermore, a proposal submitted by the representative of Banco Bilbao Vizcaya Argentaria S.A, Ceylan Kara in relation to setting of a cap for the donations to be made in the year 2018 within the framework of the Banking Legislation and Capital Markets Board regulations was put to vote. As a result of the voting, as proposed, setting of a cap within the framework of the procedures and principles set out in Article 59 of the Banking Law no. 5411 and in a manner not exceeding four per thousand of the bank's equity capital was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 61.732.169 versus affirmative votes of shares corresponding to TRY 3.468.749.657,86.

14-) The issue of granting permission to the Board of Directors members in accordance with articles 395 and 396 of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law, was put to vote. As a result of the voting, the issue was accepted by the majority of the votes, with dissenting votes of shares corresponding to TRY 223.665.391 versus affirmative votes of shares corresponding to TRY 3.306.816.593,86.

15-) Within the scope of principle no. 1.3.6 of the Corporate Governance Principle issued by the Capital Markets Board, our shareholders were informed that shareholders controlling the management, board of directors members, executives with administrative responsibilities and their spouses and relatives by blood and marriage up to the second degree have not entered into any significant transaction that may give rise to a conflict of interest with our Bank or its subsidiaries and that they have not realized any transaction of a commercial nature falling within the field of operation of our Bank or its subsidiaries either in their own name or in the name of others, and they have not become a partner with unlimited liability in another partnership engaged in a similar commercial business.

As there were no other items to be discussed in the agenda, the President of the Meeting declared the end of the meeting after thanking the General Assembly.

The dissenting opinions for the relevant items provided herein by Shareholder Ali İhsan GÜRCAN, who casted dissenting votes in decisions and submitted a written dissenting opinion to the Presidency of the Meeting, were annexed to the minutes.

These Minutes of the General Assembly Meeting were issued and signed by us at the place of meeting.

29.03.2018

**REPRESENTATIVES OF THE MINISTRY**

SABİRE ELBÜKEN

**MEETING PRESIDENT**

AVNİ AYDIN DÜREN

**VOTE COLLECTING OFFICERS**

BBVA Representative CEYLAN KARA

**SECRETARY OF MINUTES**

GİZEM DUYGU SELVİ

**DISSENTING VOTES**

ALİ İHSAN GÜRCAN