

## **Compliance with Articles 88 to 95 of the Fourth Capital Requirements Directive (CRD IV)**

Pursuant to Article 96 of the fourth Capital Requirement Directive (CRD IV) institutions are required to explain how they comply with Articles 88 to 95 of CRD IV on their website. This requirement has been implemented in Dutch Law through Article 134b of the Decree on Prudential Measures of the Financial Supervision Act (Besluit prudentiële regels Wft) This document provides an explanation on how GarantiBank International N.V. (GBI) complies with the aforementioned requirements which cover the following topics: (1) Governance and Management, (2) Remuneration and (3) Reporting.

GBI is a public limited liability company, incorporated under Dutch law, having its registered office in Amsterdam, the Netherlands. GBI has a branch in Germany and representative offices in Turkey, Switzerland and the Ukraine. GBI is wholly owned by Türkiye Garanti Bankası A.Ş. (Garanti). Garanti became a fully consolidated subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) by acquiring a controlling stake in Garanti on 27 July 2015. BBVA qualifies as a "Significant Supervised Entity", as defined in Article 6(4) of the SSM Regulation (No 1024/2013) and consequently GBI has been included into the European Central Bank (ECB)'s Significant Supervision Entity List as of 30 September 2015 alongside the ultimate parent company BBVA.

### **1. Governance and Management**

Articles 88 and 91 of CRD IV set requirements in relation to governance arrangements and the management body including its role and responsibilities, composition and proficiency. These requirements are implemented in Dutch law through Article 134(b) of the Decree on Prudential Measures of the Financial Supervision Act in conjunction with Article 3:8 (3) and (4) of the Financial Supervision Act and Article 17 c of the Decree on Prudential Measures of the Financial Supervision Act.

GBI has a two-tier board structure consisting of the Managing Board and the Supervisory Board. The Managing Board is the executive body responsible for the day-to-day management of GBI whereas the Supervisory Board is responsible for supervising the conduct of the Managing Board and the general affairs of GBI and its business.

#### **The Managing Board**

The Managing Board's responsibilities include, inter alia, the achievement of GBI's objectives, mission and corporate strategy and daily oversight of GBI's internal governance and operations. The strategy designed to achieve the business objectives of GBI, its risk appetite and internal governance framework are determined together with and approved by the Supervisory Board. The Managing Board consists of five full time executive members of sufficient knowledge, skills and experience and performs its duties as a collegial body taking into account applicable laws, regulations and the long-term interests of GBI and all its stakeholders.

The Managing Board has adopted, with the approval of the Supervisory Board a charter governing the roles and responsibilities of the Managing Board and also sets the rules of procedure regarding its constitution and organization. This charter supplements that which is provided for in the law and the Articles of Association concerning the duties, composition, procedures and decision making of the Managing Board and its relation with the Supervisory Board and stakeholders. The charter of the Managing Board may be found on GBI's corporate website [www.garantibank.eu](http://www.garantibank.eu).

## **The Supervisory Board**

The Supervisory Board is responsible for supervising and advising the Managing Board regarding the general affairs of the Bank and the business connected with it. The Supervisory Board consists of five members and acts in accordance with the interests of GBI and of the business connected to it, taking into account the relevant interests of all the stakeholders of the Bank.

The composition of the Supervisory Board reflects a broad range of experiences and the members of the Supervisory Board possess sufficient knowledge, skills, expertise and independence to perform their duties. The Supervisory Board has adopted a charter governing the roles and responsibilities of the Supervisory Board which also sets the rules of procedure regarding its constitution and organization. This charter supplements that which is provided for in the law and the Articles of Association concerning the duties, composition, procedures and decision making of the Supervisory Board and its relation with the Managing Board. The charter of the Supervisory Board may be found on GBI's corporate website [www.garantibank.eu](http://www.garantibank.eu).

## **2. Remuneration**

Articles 92 to 95 of CRD IV set requirements regarding remuneration. These requirements have been implemented in Dutch law through the Regulation on Sound Remuneration of the Dutch Financial Supervision Act (Regeling beheerst belongingsbeleid Wft).

GBI has implemented a remuneration policy in line with its strategy and risk appetite. The policy focuses on ensuring a sound and effective risk management through; establishing a stringent governance structure for setting goals, observing both financial and non-financial criteria in performance assessment, making fixed salaries the main remuneration component with respect to Identified Staff.

GBI does not benefit from government intervention in the meaning of Article 93 of CRD IV. The policy reflects GBI's corporate governance objectives and meets the requirements laid down in the Regulation on Sound Remuneration of the Dutch Financial Supervision Act and the Dutch Banking Code.

The Remuneration Policy is reviewed and approved by the Remuneration Committee of the Supervisory Board and adopted by the General Meeting of Shareholders. The Remuneration Committee consists of two members of the Supervisory Board one of which is an independent member and meets at least bi-annually.

Further information can be found on GBI website, "[Annual Report](#)" and "[Report on Capital Adequacy and Risk Management](#)".

## **3. Reporting**

Article 89 and 90 of CRD IV define disclosure requirements with respect to country-by-country reporting and the obligation to disclose the return on assets. These articles were implemented in Dutch law through Articles 3, 4 and 5 of the Decree on the implementation of disclosure requirements CRD IV (Besluit publicatieverplichtingen richtlijn kapitaalvereisten).

GBI complies in all material respects with the reporting obligation by including required relevant information in its [annual consolidated financial statements](#).