



## ***Corporate Governance Compliance Rating Report***



***Garanti Finansal Kiralama A.Ş.***

4th of October 2022

Validity Period 04.10.2022-04.10.2023

## LIMITATIONS

October 2022-October 2023 Corporate Governance Compliance Rating Revised report prepared by KOBİRATE Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. about **GARANTİBBVA FİNANSAL KİRALAMA A.Ş.** has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

The criteria established for the companies have been arranged separately for the first group, second group and third group companies and investment partnerships and for non-public companies, taking into account the group distinctions specified in the second paragraph of article 5 of the communiqué numbered II-17.1 published on 03 January 2014.

The Corporate Governance Compliance Rating Report prepared by KOBİRATE Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has been issued by considering the documents, information and data disclosed to the public by the company in 74 files electronically sent by the relevant company, Independent Audit Report dated 10.03.2022 regarding the 2021 data of KPMG Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. and the examinations and interviews conducted by our experts about the relevant company.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. Has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr)).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of KOBİRATE Kurumsal Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

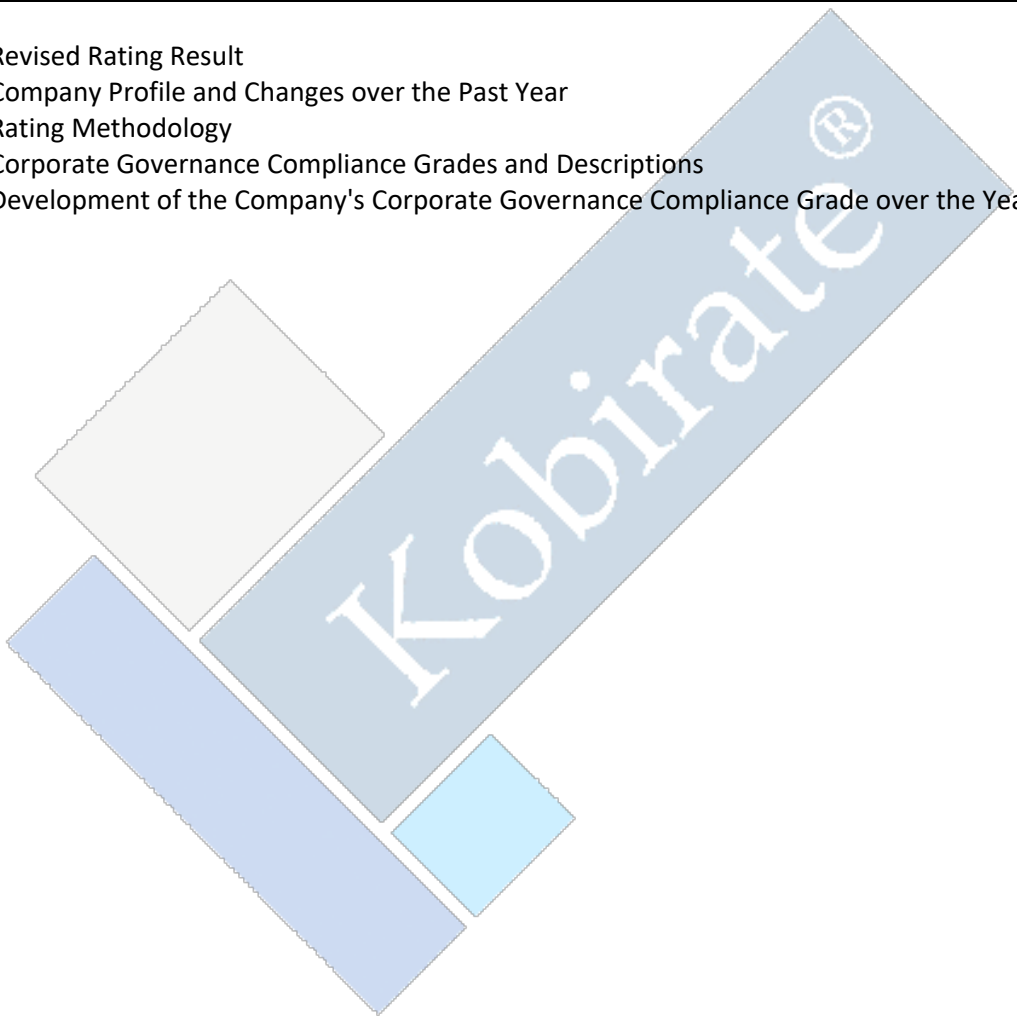
The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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**GARANTİBBVA FİNANSAL  
KİRALAMA A.Ş.**

**CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE**

**BIST NON-LISTED COMPANY**

**9.50**

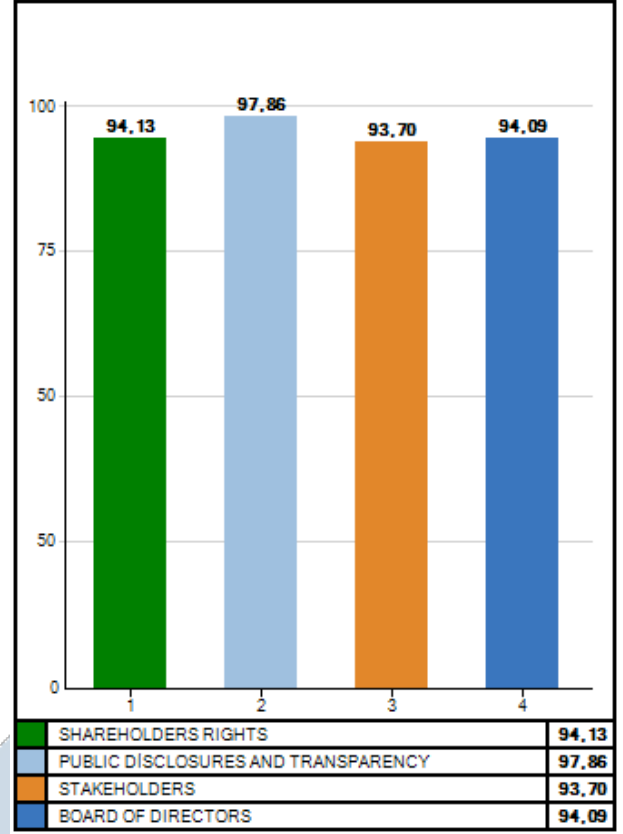
**KOBİRATE Uluslararası Kredi Derecelendirme  
ve Kurumsal Yönetim Hizmetleri A.Ş**

**Contact: (216) 3305620 PBX**

**Burhan TAŞTAN**

[burhantastan@kobirate.com.tr](mailto:burhantastan@kobirate.com.tr)

[www.kobirate.com.tr](http://www.kobirate.com.tr)



## 1. REVISED RATING SUMMARY

The revised report of **GARANTİBBVA FİNANSAL KİRALAMA A.Ş.** for the year 2022 on the rating of compliance with the Corporate Governance Principles has been prepared based on the examinations made on the documents of the relevant institution, the interviews with the managers and relevant persons, public information and other detailed examinations and observations.

The rating study is based on Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s Corporate Governance Compliance Rating Methodology prepared for non-public companies.

The methodology and evaluation have been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the

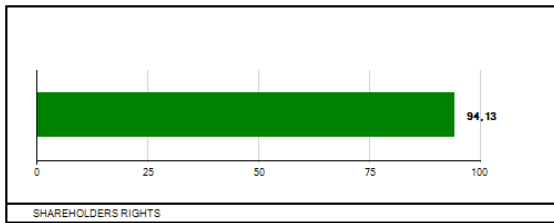
board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

Rating study according to CMB Corporate Governance Principles;

As a result of the evaluation of 360 criteria created under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors, according to the methodology prepared by Kobirate International Credit Rating and Corporate Management Services A.Ş. "for BIST non-listed companies", **GARANTİBBVA FİNANSAL KİRALAMA A.Ş.**'s Corporate Governance Compliance Rating for the period October 2022- October 2023 has been revised as **9.50**.

According to this result, the Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles.

## SHAREHOLDERS



In this section, as determined by CMB's Corporate Governance Principles, the company was evaluated on **94** different criteria, under the headings of **Facilitating the Exercise of Shareholders' Rights, Shareholders' Right to Obtain Information and to Examine, Shareholders' Right to Attend the General Assembly, Shareholders' Right to Vote, Rights of Minority Shareholders, Shareholders' Right for Dividend and Shareholders' Right to Transfer Their Shares to whomever they want, whenever they want.** The company's grade for this section has been revised as **94.13** points.

In the company, which is not open to the public, relations with the shareholders are conducted by the Financial Affairs Department and communication between the company and the partners is conducted by this unit.

This unit continues its activities under the Deputy General Manager Altuğ TOKSÖZ. It has been seen that the aforementioned executives are at a sufficient level with the knowledge and experience required by the

task and play an active role in protecting and facilitating the use of shareholders' rights, especially the right to obtain and review information.

The information required for the proper exercise of shareholders' rights are presented to the shareholders and to this end the company's corporate website <https://www.garantibbvaleasing.com.tr> is used as an efficient platform.

All information concerning the company has been given on time, truthfully and completely. There have been no warnings or penalties on this issue given by Regulatory authorities.

Shareholders' right to obtain information and to examine is not cancelled or restricted by the Articles of Association or any department of the Company.

There is no privilege for voting.

The Ordinary General Assembly meeting, where the activities of the year 2021 were discussed, was held at the company headquarters on 16.06.2022, within the framework of TCC art.416. The decision of the Board of Directors regarding the general assembly is dated 18.04.2022/14. In the examinations made on the minutes of the general assembly and the list of attendees, it was determined that the agenda items, in which all the partners attended the meeting by proxy, were voted separately. The shareholders, who have the right to attend the general assembly meetings of the company, have the right to attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code, as per the articles of association.

There is no general assembly decision that the company has not fulfilled during the activity period, and there is no lawsuit regarding the cancellation of the general assembly meetings of the company.

Neither the Articles of Association nor the internal procedures contain any difficulties to exercise the voting right and opportunity to

exercise the voting right in the easiest and most convenient manner is given to each shareholder. According to the company's articles of association, each share has 1 (one) voting right.

Garanti Finansal Kiralama A.Ş. Within the framework of the Capital Market Law and the legislation, regulations and decisions published by the Capital Markets Board and the relevant provisions of the Tax Procedure Law, the Profit Distribution Policy has been determined in line with the Turkish Commercial Code, Corporate Governance practices, the Company's strategies and financial plans, taking into account the state of the country's economy and the sector, and observing the delicate balance between the expectations of the shareholders and the needs of the Company.

The amount of dividends to be distributed by the company, the dividend distribution rate, and the payment method (cash and/or bonus) are determined in line with the decisions taken by the General Assembly within the framework of the relevant legislation and the Articles of Association.

Information on the Company's dividend distribution is shared in the "**ii. Dividend Distribution**" section of our report.

The company has added a provision to the articles of association regarding the exercise of minority rights. Non-banking financial institutions of Garanti Bank, the parent company, constitute the minority shares of the company. There has been no violation of exercising basic minority shareholders' rights like attendance to the general assembly meeting, representation by proxy and imposition of no upper limit for voting rights.

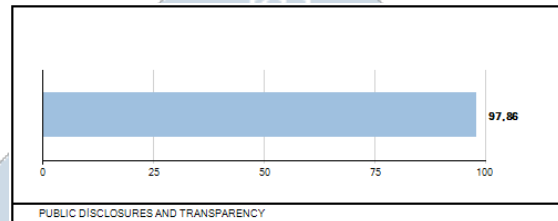
There is no regulation in the articles of association that restricts the transfer of shares. The transfer of company shares is subject to the provisions of the Turkish Commercial Code, the Capital Markets Law, and the relevant legislation.

Although there is a regulation in the company's articles of association regarding the

shareholders' right to request the appointment of a special auditor from the general assembly, there are no internal regulations or practices that make it difficult to exercise this right. Explanations on private audit and public audit are included in the 2021 annual report.

The fact that there is a provision in the company's articles of association regarding the possibility of giving advance dividends and that the General Assembly meetings are held open to the public, including the stakeholders and the media, without the right to speak, has been considered as an area that needs improvement regarding this section.

## PUBLIC DISCLOSURE AND TRANSPARENCY



As for this section, the Company has been assessed by **78** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company's grade was revised as **97.86**.

Garanti BBVA Leasing conducts public disclosures within the scope of its Public Disclosures Policies developed by the board and disclosed to public.

The disclosure policy includes information on how, how often and in what ways the information to be disclosed to the shareholders, current and potential investors and the public will be announced, and the method to be followed in answering the questions directed to the company.

The independent external audit for 2021 was conducted by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. on 10.03.2022. There are no cases where the independent audit avoided expressing opinion,

expressed opinion with conditions or avoided signature in the reports.

It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence and there was no legal conflict with it.

The corporate website of the company, [www.garantibbvaleasing.com.tr](http://www.garantibbvaleasing.com.tr), is used as an active and effective platform for public disclosure.

The company's website contains a lot of information, in addition to the information that is required to be disclosed in accordance with the legislation, such as the final version of the partnership and management structure, the committees of the board of directors and the working principles of the committees, the final version of the company's articles of association, financial reports, annual reports, general assembly meeting minutes, profit distribution policy, information policy, remuneration policy and information requests received by the company under the heading of frequently asked questions

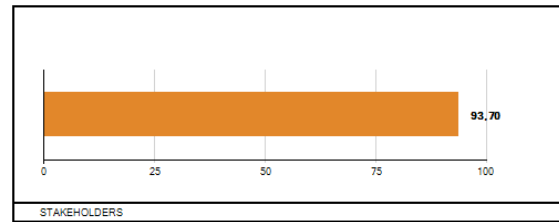
This information on the website is also published in English for international investors.

It is seen that board of directors has prepared the annual report in such a way that public can access comprehensive, complete, and correct information on company activities. Annual reports of the last five years are accessible for shareholders and the public in electronic environment.

It has been observed that the company's corporate website and annual activity reports are effectively used as a means of public disclosure.

Regarding this section, the lack of an evaluation of the Board of Directors regarding the effectiveness of the committees in the annual reports has been evaluated as an area that needs improvement.

## STAKEHOLDERS



In this section, the Company has been assessed by **62** different criteria under the headings of Corporate Policies on **Stakeholders, Supporting Stakeholders' Participation in Company Management, Company Policy on Human Resources, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility and Sustainability** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company's grade has been revised to **93.70**.

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations.

It is concluded that Garantibbva Leasing protects stakeholders' rights, which are specified in regulations and mutual contracts.

The company measures customer satisfaction and evaluates its outputs. The company receives employee feedback through annual employee satisfaction surveys and provides input for improvement plans.

The Company has established a Remuneration Policy for managers and employees with administrative responsibilities and disclosed it to the public on its corporate website.

The Compensation Policy for the employees has been disclosed to the public.

The articles of association and/or internal regulations do not contain regulations supporting the direct participation of

stakeholders in the company management. Fikrim Var (I have an Idea) platform, which was established for the employees of the company to determine common sense and participate in management, continues to be used by the employees.

It has been observed that procedures for hiring, working conditions, registry and discipline practices, performance measurement, personnel's authority and responsibilities, training, wages, health and leave rights, promotion and job changes, dismissal, death, resignation, and retirement have been established.

It has been found that the company has established training programs for employees to increase their knowledge, skills, and good manners. The organizational structure of the company has been determined according to the working conditions, the units, the number of people to be employed in these units and their qualifications have been written down with in-house regulations. Between 30.09.2021 and 30.09.2022, a total of 2065 hours of training was given to 125 people.

Employee stock-options schemes are not developed. Freedom of association and/or membership is not restricted, provided that permission is obtained.

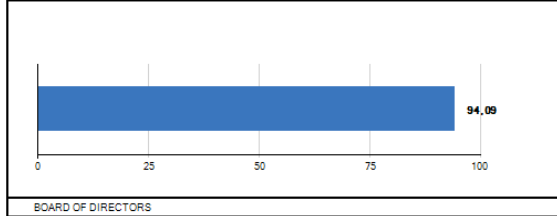
As of 30.09.2022, it employs a total of 105 people at the Head Office and 13 Branch Offices.

The Company's Code of Ethics and Working Principles have been determined and are applied jointly in all Garanti Bankası Group companies. Ethical and Integrity Principles were shared with the public on the corporate website of the company.

It would be appropriate for the company to share its information and studies with the public regarding its sustainability activities.

In this section, it is evaluated that the company continues to comply with the Corporate Governance Principles.

**BOARD OF DIRECTORS**



In this section, the Company has been assessed by **126** different criteria under the headings of **Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees Formed within the Structure of the Board of Directors and Financial Rights Provided for the Members of the Board of Directors and Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company's grade has been revised as **94.09**.

Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources. It also monitors company activities to be in compliance with regulations, Articles of Association, internal procedures and policies and it supervises management performance.

No person in the Company has the authority to decide solely and in an unrestricted fashion. Positions of Chairman of the Board and CEO are hold by different individuals.

A liability insurance policy has been drawn up with the group to which the Board Members and Senior Executives are affiliated, in order to meet the conditions specified in the Communiqué, in return for the damage they may cause to the company due to their faults in the course of their duties.

The Internal Directive of the Board of Directors, which regulates the working principles of the Board of Directors, was



accepted at the meeting of the Board of Directors with the number of 03.11.2014/1433 and entered into force. With this internal directive, the composition, qualifications, term of office, duties and powers, meeting procedures and principles, representation and binding of the Board of Directors are clearly determined.

Board of Directors is formed with 8 (eight) members; including 1 (one) Chairman and 7 (seven) members. 7 (seven) member of the Board is in the status of non-executive member and none of them has the qualification of independent member according to the criteria listed in the Corporate Governance Principles.

There is one female Board member on the Board of Directors. The rate of female members in the company's board of directors is 12.5%, behind the rate of female members determined in the Principles. In order to strengthen compliance with Corporate Governance Principles, it is required that the company will set a target rate and target time for female members in the board of directors, not less than 25%, establish a policy to achieve these targets, and the board of directors will annually evaluate the progress made in achieving these targets.

The company's articles of association (Article 11) include the meeting and decision quorum of the board of directors. Each member of the board of directors has one vote. Those who have the right to participate in the company's Board of Directors meeting can also attend electronically in accordance with Article 1527 of the TCC. 4 Board meetings were held on December 2021- April 2022- July 2022 and September 2022.

The Audit Committee and the Corporate Governance Committee, determined in the Principles, were established. The Early Detection of Risk Committee has not yet been established. On the other hand, there is a credit committee consisting of two people within the limits determined by the Board of Directors. Due to the structure of the Board of Directors, there is no separate Nomination

Committee and Remuneration Committee. The Board of Directors has decided that the duties of these committees will be fulfilled by the Corporate Governance Committee, and they have been added to the working principles of the Corporate Governance Committee.

The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company.

#### **The Audit Committee**

<b>Name/ Surname</b>	
Osman Bahri TURGUT	Member
Cemal ONARAN	Member

#### **Corporate Governance Committee**

<b>Name/ Surname</b>	
Osman Bahri TURGUT	Member
Selahattin GÜLDÜ	Member

#### **Credit Committee**

<b>Name/ Surname</b>	
Murat ATAY	Member
Selahattin GÜLDÜ	Member

It would be appropriate not to have the General Manager take part in the committees (except for the Credit Committee).

It has been learned that the Company has not lent or extended loan to any member of board or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favor of them.

The lack of performance measurements of the members of the board of directors, the lack of regulations in the company's articles of association that will allow shareholders and stakeholders to invite the board of directors to a meeting, and the reporting by the Corporate Governance Committee to the Board of Directors on the developments in Corporate Governance are the areas that the company needs to be improved in this section.

## 2. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

### A. Company Profile:



**Company Name** : Garanti Finansal Kiralama A.Ş.  
**Company Address** : Çamçeşme, Tersane Cad. No:15 34899, 34899 Pendik-İSTANBUL  
**Company Phone** : (0216) 625 41 50  
**Company Fax Number** : (0216) 625 41 51  
**Email** : [info@garantibbvaleasing.com.tr](mailto:info@garantibbvaleasing.com.tr)  
**Company's Web Address** : [www.garantibbvaleasing.com.tr](http://www.garantibbvaleasing.com.tr)  
**Date of Incorporation** : 1990  
**Registered Number** : 269116  
**The company Mersis No:** : 0389000634800012  
**Paid-in Capital** : 350,000,000 TL

**Company's Field of Activity** : Financial leasing transactions at home and abroad and to conduct activities related to financial leasing

**Company's Sector** : Financial Leasing

#### Company's Representative in Charge of Rating:

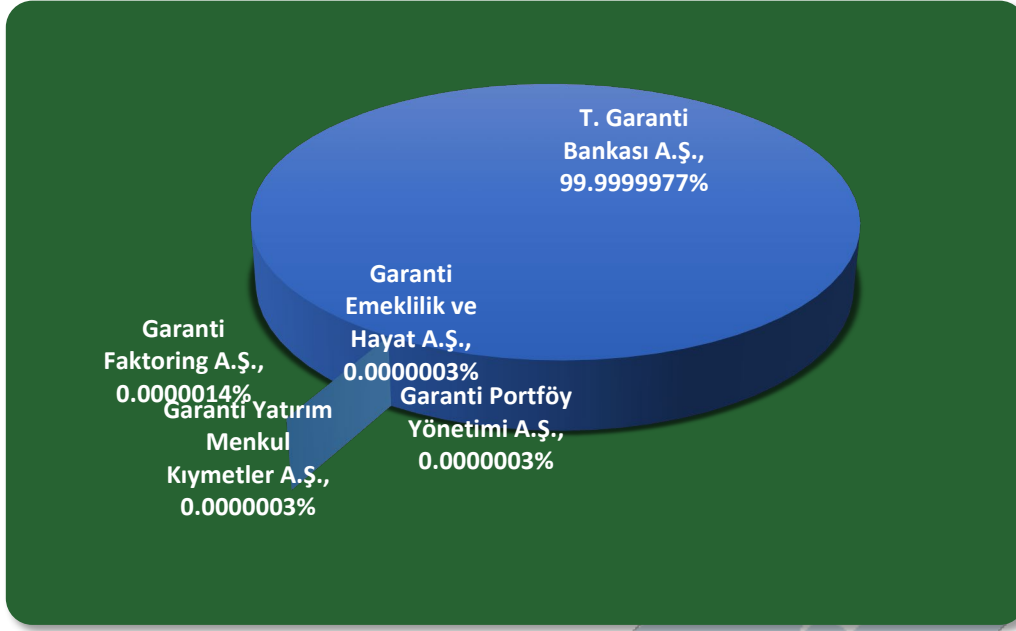
Arzu TOPCU

Financial Affairs Unit Manager

[ATopcu@garantibbvaleasing.com.tr](mailto:ATopcu@garantibbvaleasing.com.tr)

(0216) 625 41 50

## Garanti Finansal Kiralama A.Ş. Quality of Shareholder Structure



Source: [www.kap.gov.tr](http://www.kap.gov.tr)

Shareholder Name	Share (TL)	Share (%)
T. Garanti Bankası A.Ş.	349,999,992.21	99.9999977
Garanti Yatırım Menkul Kıymetler A.Ş.	1	0.0000003
Garanti Portföy Yönetimi A.Ş.	1	0.0000003
Garanti Emeklilik ve Hayat A.Ş.	1	0.0000003
Garanti Faktoring A.Ş.	4.79	0.0000014
<b>Total</b>	<b>350,000,000.00</b>	<b>100.00</b>

## Principle Shareholder BBVA Garanti Bankası A.Ş. Quality of Shareholder Structure

Shareholder Name	Share (TL)	Share (%)
BBVA (BANCO BILBAO VIZCAYA ARGENTARIA S.A)	3,610,895,890.19	85.97
OTHER SHAREHOLDERS	589,104,109.81	14.03
<b>TOTAL</b>	<b>4,200,000,000.00</b>	<b>100.00</b>

Source: [www.kap.org.tr](http://www.kap.org.tr)

Note: There is no ultimate controlling real person shareholder with a share of more than 5% in the shareholding structure.

Established in Ankara in 1946, Garanti BBVA is the second largest private and most valuable bank in Turkey with its consolidated assets reaching 1,096 trillion TL as of June 30, 2022.

Operating in all business lines of the banking industry, including corporate, commercial, SME, retail, private and investment banking, payment systems, Garanti BBVA is an integrated financial services group with its international subsidiaries in the Netherlands and Romania, as well as financial

subsidiaries in the fields of private pension and life insurance, leasing, factoring, investment, and portfolio management.

As of June 30, 2022, it responds to all kinds of financial needs of its nearly 21 million customers with a widespread distribution network consisting of 849 branches in Turkey, 1 representative office and 8 branches abroad, 7 of which are in Cyprus and 1 of which is in Malta, and 18.690 employees. With 5423 ATMs with the latest technological infrastructure, award-winning Call Center, internet, mobile and social banking platforms, it offers an uninterrupted experience and integrated channel convenience in all channels.

**With a market share of 19.2%** it is the largest private bank in TL Loans,

**With a market share of 19.6%** it has the largest TL customer deposit portfolio among private banks,

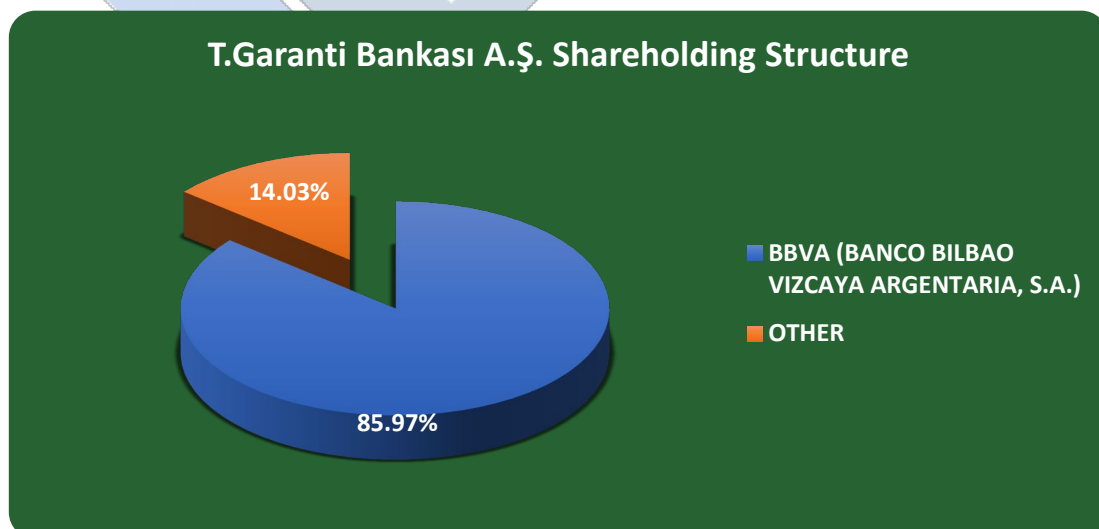
**With more than 21 million individual customers** it is the leader in personal loans,

It ranks 1st in **TL business loans** with a market share of 18.0% .

Proceeding with the aim of achieving sustainable growth by creating value for all its stakeholders, Garanti structures its strategy on the principles of constantly improving the customer experience by offering products and services that meet their needs, always with a “transparent”, “understandable” and “responsible” approach. Its competent and dynamic human resources, constant investments in technology, and innovative products and services offered without compromising quality and customer satisfaction carry Garanti to a leading position in the Turkish banking sector.

The controlling shareholder of Garanti Bank is Banco Bilbao Vizcaya Argentaria S.A. (BBVA), which owns 85.97% of its shares. Founded in 1857, BBVA is a customer-focused global financial services group. The Group, the largest financial institution in Spain and Mexico, conducts pioneering banking activities with its subsidiaries in South America and the Sunbelt Region of the USA.

Source: [www.garanti.com.tr](http://www.garanti.com.tr)



## Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Recep BAŞTUĞ	Chairman	Non - Executive
Murat ATAY	Deputy Chairman	Non - Executive
Osman Bahri TURGUT	Member of Board of Directors	Non - Executive
Cemal ONARAN	Member of Board of Directors	Non - Executive
Aydın GÜLER	Member of Board of Directors	Non - Executive
Sibel KAYA	Member of Board of Directors	Non - Executive
Mahmut AKTEN	Member of Board of Directors	Non - Executive
Selahattin GÜLDÜ	Member of the Board of Directors & General Manager	Executive

During our review period, Betül Ebru Edin, a member of the Board of Directors, resigned from the Board of Directors on 30.06.2022, and Mahmut AKTEN has been appointed to the Board of Directors as of the same date.

The Board of Directors held four meetings with full participation between 05.01.2021 and 31.09.2022, and one meeting has been planned for the last period of 2022. The Company does not give any guarantees such as debts, credits, and personal loans to any member of the board of directors and executives and guarantees in favor of them. There is no administrative or judicial sanction imposed on the company and the members of the management body due to practices contrary to the provisions of the legislation during the operating period of the company.

There is a financial liability insurance policy between 01.04.2022 and 31.03.2023, which includes the managers of the subsidiaries together with the principal shareholder Garanti Bankası A.Ş.

## Committees Formed Within Board of Directors

Committee	Committee Members	Position within Committee	Position in Company
<b>The Audit Committee</b>	Cemal ONARAN	Member	Member of Board of Directors
	Osman Bahri TURGUT	Member	Member of Board of Directors
<b>Corporate Governance Committee</b>	Selahattin GÜLDÜ	Member	Member of the Board of Directors & General Manager
	Osman Bahri TURGUT	Member	Member of Board of Directors
<b>Credit Committee</b>	Murat ATAY	Member	Member of Board of Directors
	Selahattin GÜLDÜ	Member	Member of the Board of Directors & General Manager

The Audit Committee held four meetings between 30.09.2021 and 30.09.2022, and the Corporate Governance Committee held two meetings in the same period. The Risk Committee has undertaken the task of the Early Detection of Risk Committee. It holds a meeting once a month. A Credit Committee has been established to take credit decisions within the limits set by the company's board of directors. It holds a meeting as needed.

## Top Management of the Company

Name/ Surname	Title
Selahattin GÜLDÜ	General Manager
Volkan ÖZBEY	Deputy General Manager
Altuğ TOKSÖZ	Deputy General Manager
Levent GÜLBAHÇE	Deputy General Manager
Habib ÇELEBİ	Deputy General Manager

There has been no change in senior management during our monitoring period.

## Comparison of selected unconsolidated financial items of the company for five periods

	2017/12	2018/12	2019/12	2020/12	2021/12
Financial Leasing Rec.Net	4,396,179	4,818,816	4,016,086	4,769,544	7,605,494
Total Shareholders' Equity	945,962	1,025,830	1,018,506	1,146,490	1,377,987
Total Assets	5,441,677	6,070,504	4,948,377	5,847,039	9,704,794
Total Leasing Income	431,708	508,040	469,469	468,128	694,337
Total Financing Expense	(240,113)	(323,598)	(302,579)	210,180	364,374
Net Profit/Loss (Period)	20,751	80,616	100,436	146,351	190,150
Return on Asset Ratio (%)	0.38	1.32	2.02	2.50	1.96
Return on Equity Ratio (%)	2.19	7.85	9.86	12.76	13.79

Source: *Garanti Finansal Kiralama A.Ş. Solo Independent Audit Report for 2021*

The financial structure of the company is of such a nature as to continuously support the level of compliance with the principles.

## Brief History of the Company

It was established on October 9, 1990, under the title of Garanti Finansal Kiralama A.Ş. ("Garanti BBVA Leasing"), to conduct financial leasing transactions at home and abroad. Since its establishment, it has been conducting leasing transactions of corporate, commercial, small, and medium-sized enterprises to cover a wide customer base.

Garanti BBVA Leasing reaches its customers using 14 branches across Turkey, Garanti BBVA branches, call center, website, mobile site, and social media channels. It is the leading Leasing company in the sector with its experienced and technically expert team by prioritizing employee satisfaction as well.

## Information about Company Activities

Garanti Finansal Kiralama A.Ş. With its 13 branches across Turkey, it provides financial leasing services throughout the country. As of 30.09.2022, the number of employees is 105.

With the decision of the Board of Directors taken on December 21, 2006, Garanti Finansal Kiralama A.Ş. has decided to establish a company that it will fully own with the title of "Garanti Filo Yönetim Hizmetleri ve Ticaret Anonim Şirketi" ("Garanti Filo"). Garanti Filo was established by being registered in the Turkish Trade Registry Gazette on January 10, 2007, and started its activities in 2007. Garanti Filo operates in the field of vehicle operating leasing. In addition, a company named Garanti Filo Sigorta

Aracılık Hizmetleri A.Ş (“Garanti Filo Sigorta”) was established as a subsidiary of Garanti Filo, and its registration date in the Turkish Trade Registry Gazette is March 20, 2014.

The number of contracts of the company, which was 2,401 in 2017, was 1,785 in 2018 and 703 in 2019. The number of contracts in 2020 was 1013, with an increase of 50.34% in 2021, reaching 1523.

As of the end of 2021, the first three places in the sectoral distribution of the company's financial leasing receivables are the Textile sector with a share of 19%, the Industrial Machinery and Equipment Sector with a 12% share, and the Transportation Sector with a 12% share. As of 30.12.2021, it shows similarity with the sectoral distribution of financial leasing receivables.

## **B. Changes in the Company in the Last Year:**

### ***i. Changes in Capital, Shareholding Structure and Articles of Association***

There was no change in the shareholding structure and capital of the company during the monitoring period. The Company does not have any privileged shares. During our review period, with the amendment of the Articles of Association, the addition of “Utmost care is taken in the Exercise of Minority Rights” was added.

### ***ii. Profit Distribution***

In accordance with the decision taken at the Ordinary General Assembly meeting held at the Company's headquarters on 16.06.2022;

it was decided to distribute 30,000,000 TL of distributable profit amounting to the remaining 164,328,627 TL to the partners. after the primary Legal Reserves amounting to 9,507,522 TL is allocated and the secondary Legal Reserves amounting to 16,314,292 TL is allocated from the 2021 net profit of 190,150,4412 TL and to complete the distribution work by 31.12.2022 at the latest; to authorize the board of directors regarding the dividend and distribution time, and to allocate the remaining 134,328,627 TL of profit as Extraordinary Reserve Funds after the profit distribution.

### ***iii. Policies***

During the monitoring period, no changes were made in the Donation and Aid Policy, Information Policy, Human Resources Policy, Profit Distribution Policy, Severance and Notice Pay Policy, Prevention of Abuse and Unethical Behaviors Policy, Remuneration Policy, Sponsorship and Corporate Responsibility Policy. During our monitoring period, apart from the policies shared on the website, Business Continuity Policy, Information Security Policy, Physical Security Policy, Anti-Money Laundering and Terrorism Financing Policy, Operational Risk Management Policy, Information Security Policy, Physical Security Policy, and Credit Risk Policies were established.

### ***iv. Management and Organization***

The company has 105 employees as of 30.09.2022. No changes were made in the Company organization during the monitoring period.

### ***v. Subsidiaries and Affiliates***

During our monitoring period, there was no change in the Subsidiaries and Affiliates of Garanti Finansal Kiralama A.Ş. and 100% shareholding in Garanti Filo Management A.Ş. continues. On the other hand, the Company has a 100% indirect subsidiary in Garanti Filo Sigorta Aracılık Hizmetleri Anonim Şirketi.

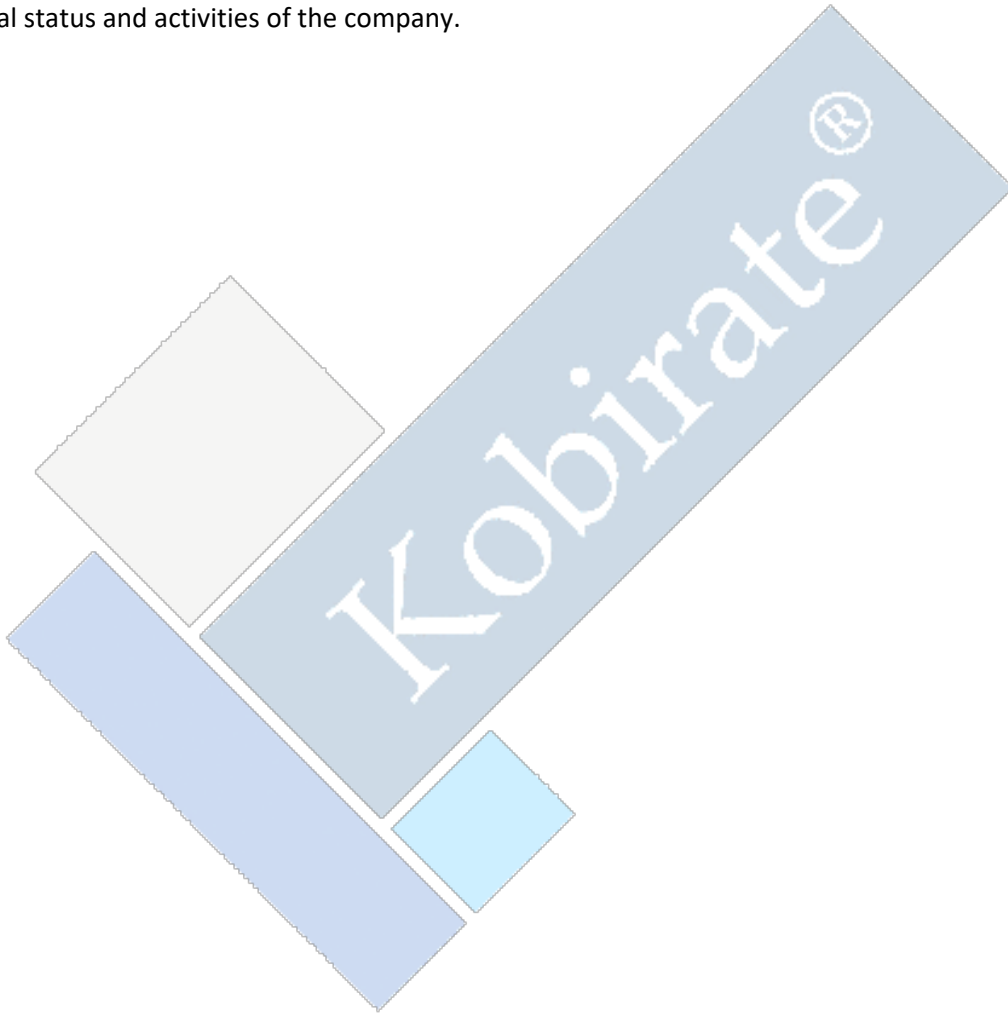
**vi. Independent Audit**

In the Consolidated Independent Audit report dated 02.02.2022, prepared by Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş;

It was stated that the independent audit was conducted in accordance with the Independent Auditing Standards (“KGK”), which is a part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority (“KGK”), and no negative opinion of the Independent Audit Company was encountered.

The company was not subject to public or private audits during the monitoring period.

There are no lawsuits filed against the Company during the operating period that may affect the financial status and activities of the company.





### 3. RATING METHODOLOGY

It is a system which audits whether or not the organizations' management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies, and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability, and responsibility.

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide,

titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

In this analysis, the full compliance of workflow and analysis technique with KOBİRATE A.Ş.'s Ethical Rules is considered.

**360** criteria are used in the rating process for BIST Non-Listed Companies in order to

measure the compliance of firms with corporate governance principles.

These criteria are translated into "Corporate Governance Rating Question Sets" through Kobirate A.S.'s unique software.

According to the Capital Markets Board's letters dated 12.04.2013 and numbered 36231672-410.99(KBRT)-267/3854, the section weights to be used in the Compliance with the New Corporate Governance Principles rating are as follows:

Corporate Governance Rating,

**Shareholders 25 %**

**Public Disclosure and Transparency 25 %**

**Stakeholders 15 %**

**Board of Directors 35 %**

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2015/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points.

A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include

the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

**4. KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ A. Ş.  
CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>9-10</b>	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
<b>7-8,9</b>	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are fairly considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
<b>6-6,9</b>	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.</p>

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>4-5,9</b>	The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.
<b>&lt; 4</b>	The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.

#### 5. COMPANY'S LAST FIVE YEARS CORPORATE MANAGEMENT COMPLIANCE RATING GRADE DEVELOPMENT

	<b>SHAREHOLDERS</b>	<b>PUBLIC DISCLOSURE</b>	<b>STAKEHOLDERS</b>	<b>BOARD OF DIRECTORS</b>	<b>GENERAL GRADE</b>
<b>2018</b>	<b>90,46</b>	<b>96,01</b>	<b>94,95</b>	<b>83,26</b>	<b>9,00</b>
<b>2019</b>	<b>91,30</b>	<b>96,01</b>	<b>94,95</b>	<b>84,77</b>	<b>9,07</b>
<b>2020</b>	<b>93,56</b>	<b>97,34</b>	<b>94,95</b>	<b>91,92</b>	<b>9,41</b>
<b>2021</b>	<b>93,56</b>	<b>97,34</b>	<b>94,95</b>	<b>94,06</b>	<b>9,49</b>
<b>2022</b>	<b>94,13</b>	<b>97,86</b>	<b>93,70</b>	<b>94,09</b>	<b>9,50</b>