

Corporate Governance Rating

This Revised Report has been prepared by JCR-ER in compliance to the regulations of Capital Markets Board of Turkey

Publication Date: 09/12/2022

Sector: Banking

T. GARANTİ BANKASI A.Ş.

Ratings

Overall Score	9.81	AAA(Trk)/aaa (Positive)
Shareholders	9.73	AAA(Trk)/aaa (Stable)
Public Disclosure & Transparency	9.85	AAA(Trk)/aaa (Stable)
Stakeholders	9.87	AAA(Trk)/aaa (Stable)
Board of Directors	9.81	AAA(Trk)/aaa (Positive)

Company Profile

Trade Name	T. GARANTİ BANKASI A.Ş.
Address	Nispetiye Mah. Aytaç Cad. No:2 Beşiktaş/ İSTANBUL
Chairman	Mr. Süleyman SÖZEN
CEO	Mr. Recep BAŞTUĞ
Investor Contact	Phone: +90.212.318.23.52 investorrelations@garantibbva.com.tr
Web	www.garantibbvainvestorrelations.com
Investor Relations (SVP)	Ms. Handan SAYGIN

Chief Analyst

Merve HAYAT

+90 212 352 56 73

merve.hayat@jcrer.com.tr

Analyst

Cihat KESKİN

+90 212 352 56 73

cihat.keskin@jcrer.com.tr

Bank Overview

Türkiye Garanti Bankası A.Ş. (Garanti BBVA or Bank), (credit ratings by JCR Eurasia Rating on September 30, 2022: **"AAA (tr)/Stable"** on the Long-Term National Scale and **"J1+ (tr) Stable"** on the Short Term National Scale) was established in 1946. A large-scale deposit bank, Garanti BBVA carries out activities in every segment of the banking sector, including corporate, commercial, SME, payment systems, retail, private and investment banking services. In addition to its major fields of activity, through its numerous subsidiaries the Bank provides related non-banking financial services in the field of factoring, leasing, pensions, insurance, brokerage and asset management. Alongside its nationwide coverage network of 841 branches, the Bank has 8 foreign branches and 1 international representative office as of 3Q2022.

Banco Bilbao Vizcaya Argentaria S.A (BBVA), one of the leading banking groups in Europe is the sole major shareholder of the Bank with 85.97% of shares. The remaining 14.03% of shares are held by a variety of investors that includes domestic and foreign retail along with foreign institutional investors across the globe. Bank shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 13.95% as of September 30, 2022.

The Board of the Bank consists of 11 members, only the CEO pursues an executive position. 4 board members are in the independent status. Audit, Corporate Governance, Risk and Remuneration Committees were established within the scope of the Board of Directors.

Strengths

- Publishing the Integrated Annual Report including annual activities, financial and non-financial performance with value-creating factors and indicators, detailed corporate governance and risk management approach,
- The Investor Relations website serves its users as an effective and transparent platform on various issues of interest to stakeholders, without being limited to mandatory matters in terms of legislation,
- Having the "Garanti IR" (Investors Relations) application for Android and iOS platform,
- High quality service provision for customers,
- Pioneering practices that shape the sector in sustainable products and services, sustainable finance and digital banking,
- Visionary Board of Directors comprised of highly qualified, educated and experienced members,
- Having effective and comprehensive internal control, internal audit and risk management systems.

Constraints

- Absence of any clauses in the articles of association of the Bank to broaden the exercise of minority rights beyond the current legislation for shareholders holding less than 5% of the share capital,
- Lack of disclosure of the per-person remuneration of the top managers and the board members,
- The insurance amount against the losses to be caused by the faults of the Members of the Board of Directors during their duties did not exceed 25% of the Bank's capital.

1. Rating Methodology and Executive Summary

This revised report has been prepared in light of JCR Eurasia Rating's original methodological procedures in accordance with the Corporate Governance Principles (the Code) set by the Capital Markets Board (CMB) and states Garanti BBVA's level of compliance with Corporate Governance Principles as of 9 December 2022.

The Capital Markets Board's Corporate Governance Principles were first made public in 2003. Important revisions and changes were made at the beginning of 2012, in January 3, 2014 and October 2, 2020 as detailed in the Communiqué II-17.1 (accessible on www.spk.gov.tr)

The CMB pursued a significant change regarding the methodology of calculation of compliance rating scores in the beginning of 2014. Based on the recent CMB legislation, the new scoring methodology consists of two stages in which companies are allocated a base and a full score. In the new system, companies are first assigned a base score with a maximum of 85 points determining their compliance with the rules and practices outlined in the Code. In the second stage, an additional 15 points may be awarded depending on the efficient implementation and value creation achieved through practices exceeding those specified in the principles. Practices not stated in the Code but determined by JCR Eurasia Rating as best governance practices are also taken into account in the assignment of additional points. With these changes, CMB put special emphasis on functional compliance along with structural compliance to the Code and scores are put under pressure mathematically as a result of the new calculation in two stages.

The Code consists of four main sections; Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. The coefficients of these main sections determined by the CMB and showing their effect on the overall compliance score are outlined below;

- Shareholders: 25%
- Public Disclosure and Transparency: 25%
- Stakeholders: 15%
- Board of Directors: 35%

These coefficients were 25%, 35%, 15% and 25%, respectively, prior to 2014.

Subject to the preservation of the integrity of CMB regulations and regulations related to Borsa Istanbul Corporate Governance Index and compliance with the limitations thereof, this report also covers such topics as implementations regarding "Outlook" determinations, all of which exist in JCR Eurasia Rating's original methodological structure.

Findings and assessments within the content of the report are based on information and documents disclosed by the Bank to the public through various channels and also submitted to JCR Eurasia Rating in written and verbal communication, as well as reports and statistics disclosed in Public Disclosure Platform.

Distinct levels of the 4 main categories regarding compliance with the CMB Corporate Governance Principles are exhibited in the following tables. The overall score has been calculated based on weightings determined for these 4 categories in line with CMB regulations.

The general compliance level of Garanti BBVA with the Code as of December 2014, and the corresponding levels within the JCR Eurasia's notation were as follows;

December 11, 2014				
Fields	Numerical Value	Convergence Level	Notch Degree	Outlook
Shareholders	90.70	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Public Disclosure and Transparency	92.50	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Stakeholders	90.48	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Board of Directors	91.54	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Overall	91.41	AAA(Trk) (Distinctive)	(aa) (Superior)	Stable

Through the analysis of JCR ER's original methodology, the general compliance level of the Bank with corporate governance principles as of December 2021, can be seen in the table below.

December 10, 2021				
Fields	Numerical Value	Convergence Level	Notch Degree	Outlook
Shareholders	96.70	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Public Disclosure and Transparency	98.50	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Stakeholders	98.58	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Board of Directors	98.07	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Overall	97.91	AAA(Trk) (Distinctive)	(aaa) (Exceptional)	Stable

Finally, at the end of previous monitoring period, a comprehensive review was performed in December 2022. The Bank's overall compliance note has been increased from 9.79 to 9.81.

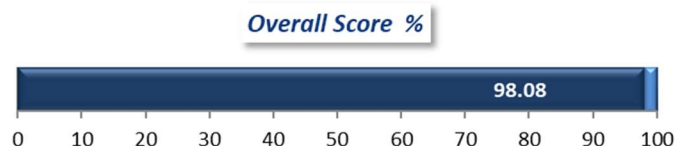
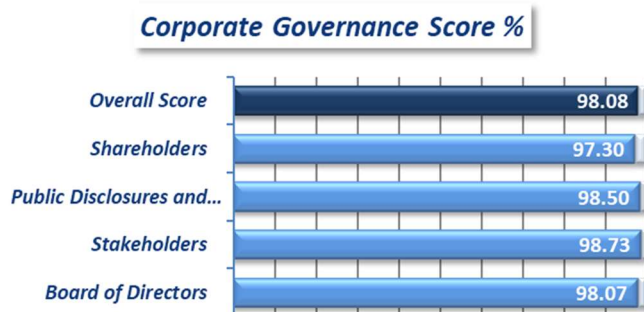
- The voluntary tender offer launched by the main shareholder, BBVA, for the entire share not already owned by BBVA and giving the investors an opportunity to sell their shares above the market price

is the factor behind this increase in compliance. The Bank's compliance level and their corresponding notes are outlined below:

- Numerical value of **9.81**
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aaa)** representing the category of **"Exceptional"**
- Outlook (**Positive**)

December 9, 2022				
Fields	Numerical Value	Convergence Level	Notch Degree	Outlook
Shareholders	97.30	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Public Disclosure and Transparency	98.50	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Stakeholders	98.73	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Board of Directors	98.07	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Positive
Overall	98.08	AAA(Trk) (Distinctive)	(aaa) (Exceptional)	Positive

JCR Eurasia Rating's notation system may be viewed at: <https://www.jcrer.com.tr/en/methodology/notations/corporate-governance-rating-notation>



Overall Result

9.81

AAA (Trk) / aaa
Positive

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance on an overall basis. Besides, on July 08, 2021, the BoD Sustainability and Diversity Policy was published. In this policy, there is a target of 25% of the Board of Directors to be composed of female members by the end of 2025. Considering the positive contribution, it will create on the structure of the Board of Directors, the outlook of the main section of the Board of Directors has been determined as **"Positive"**.

2. Garanti BBVA Overview

Founded in 1946 and its shares began trading in 1990, Garanti BBVA operates through its large franchise network of 841 domestic branches, 8 foreign branches and 1 international representative office serving to more than 22,5 million customers with a staff force of 18,766 employees as of 3Q2022.

The Bank's shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 13.95% as of September 30, 2022.

The sole major shareholder, BBVA (Banco Bilbao Vizcaya Argentaria S.A), following a share purchase agreement with both Doğuş Holding and GE Group, initially acquired shares representing a total of 25.01% of the Bank's share capital during March and April, 2011. Regarding disclosure on November 19, 2014; Doğuş Group and BBVA had entered into a Share Purchase Agreement with respect to sale of shares of The Bank representing 14.89% of the share capital with an aggregate nominal value of TRY625.38 million. Following the finalized process of the share transfers on July 27, 2015, Doğuş Group's and BBVA's stake had become respectively 10% and 39.9% of the share capital. Afterwards, with an additional share purchase

agreement dated February 21, 2017 and finalized process therein on March 22, 2017 with respect to sale of shares of Garanti representing 9.95% of the share capital by Doğuş Group to BBVA, BBVA's current stake at The Bank has reached 49.85%. As a result of the voluntary tender offer process launched for the entire capital of the Bank, BBVA acquired shares with a total nominal value of TRY 1,517,195,890.189, which corresponds to 36.12% of Bank's total share capital, and the total share capital of the Bank owned by BBVA reached 85.97% as of May 18,2022. Detailed shareholder information of the Bank has been provided in the appendix.

With regard to September 30, 2022 financial statements, the Bank had a consolidated asset size of TRY 1,223.44bn, equity of TRY 131.67bn and a nine-month net profit of TRY 38.73bn.

The largest shareholder of the Bank is the BBVA Group, a multi-national financial services Bank with origins dating back to 1857. The Group is headquartered in Bilbao, Spain and maintains operations in the fields of banking, insurance and asset management with an asset size of EUR 737.68bn, a total loan EUR 373.77bn, nine-month total income EUR 4.84bn, a total equity EUR 49.90bn, 6,050 branches and a workforce of 114,311 as of 3Q2022. Mr. Carlos Torres VILA currently holds responsibility as the Group Executive Chairman.

Resulting from its structure as an integrated financial services bank with a wide network, the Bank has a large number of affiliates and subsidiaries. The major integrated affiliates of the Bank include Garanti Bank International N.V., Garanti Romania, Garanti Pension and Life, Garanti Securities, Garanti Asset Management, Garanti Leasing, Garanti Factoring, Garanti Payment Systems and Garanti Mortgage and Garanti Technology. A full list of the Bank's affiliates and subsidiaries with brief information therein is provided in an appendix to this report.

The Board of Directors of the Bank currently consists of 11 members. 4 board members are in the independent status. There are numerous committees established in scope of the Board of Directors including audit, corporate governance, risk and remuneration committees. All committee members are highly educated and pursue managerial positions in their field of expertise of more than 25 years.

3. Shareholders

The Bank's score in the Shareholders main section has been increased from 9.67 to 9.73. The voluntary tender offer launched by the main shareholder, BBVA, for the entire share not already owned by BBVA and giving the investors an opportunity to sell their shares above the market price is the factor behind this increase in compliance.

The Bank's compliance level and their corresponding notes are outlined below:

- Numerical value of **9.73**
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aaa)** representing the category of **"Exceptional"**
- Outlook **(Stable)**



Shareholders Result
9.73
AAA (Trk) / aaa
Stable

Activities carried out during the monitoring period in the Shareholder field:

- ✓ The Investor Relations Department specialists answered all inquiries from shareholders and potential investors via telephone and e-mail.
- ✓ Garanti BBVA Investor Relations held 385 meetings by participating in 23 investor conferences and roadshows during 2021. Between the period of January 1,2022 and November 23,2022, 205 interviews were held with international investment funds from Europe, Middle East, Asia, America, Canada and Turkey via participating in 17 domestic and foreign investment conferences on the digital platforms.
- ✓ The Investor Relations Department prepares the Bank's financial presentations on a quarterly basis and presents them to investors on the website. In order to increase the effectiveness of the presentations and

teleconferences and to shape them in line with the opinions of the investors, online surveys were organized. In addition to 4 quarterly earnings calls, videos in which the Bank's performance was evaluated by the Head of IR were prepared and shared on the website.

- ✓ The 2021 Ordinary Shareholders Meeting was held on March 31, 2022 at 10.00 a.m. at the Headquarters of the Bank. In addition to physical participation, online participation of the shareholders was provided through the Electronic General Assembly System. The meeting was observed online by our analyst and the works undertaken regarding the meeting were closely observed prior, during and following the meeting.
- ✓ Meeting date, time and address, total number of shares and voting rights, information document including the agenda items under a separate heading, solo and consolidated financial statements, annual report, audit reports and profit distribution proposal of the Board of Directors were made available for review of shareholders at least three weeks before the date of the general assembly meeting and announced on the Bank's website and Public Disclosure Platform. In addition, all stakeholders were invited to the meeting without the right to speak. All other pre-meeting preparations were carried out by the Investor Relations Department according to the Code. Within the framework of democratic principles, all shareholders were treated equally in the meeting, the Bank's 2021 activities were outlined, all shareholders were given the right to address each agenda item and voting was done by an open show of hands. Following the meeting, the list of attendees, meeting minutes showing the quorums of approval and rejection votes for the agenda items and other relevant documents were disclosed to investors on website and Public Disclosure Platform.
- ✓ Members of the board of directors, other relevant persons, officials and auditors responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.
- ✓ There were no findings of discrimination among the shareholders, and the shareholders were

given the opportunity to ask questions and share their thoughts. Proposals, questions and wishes submitted by the shareholders were recorded to the meeting minutes and disclosed with the public.

- ✓ Shareholders did not make any request regarding the postponement of the general assembly meeting.
- ✓ There are no privileges in the use of voting rights, and it is stated in the articles of association that each shareholder's voting right shall be calculated considering the ratio of the aggregate nominal value of shares owned by the respective shareholder to the aggregate nominal value of the Bank's capital.
- ✓ There is no change in the articles of association of the Bank.
- ✓ There is no provision in the Bank's Articles of Association to extend the use of minority rights to those who own less than one twentieth of the outstanding shares. Considering the size of the Bank's capital, reducing the one-twentieth minority share determined in the legislation will be considered positive in terms of corporate governance practices. On the other hand, the Bank takes care for facilitating the exercise of minority rights.
- ✓ The Bank realized TL 13,073,306,354 of net profit during FY2021. The proposal of the Board of Directors regarding the distribution of TL 1,307,331,000 as cash dividend and the allocation of TL 10,955,869,844.96 as extraordinary reserves was accepted at the general assembly meeting dated March 31, 2022. The profit distribution table was disclosed to the public via PDP and the website.
- ✓ The voluntary tender offer launched by the main shareholder, BBVA, for the entire share not already owned by it and giving the investors an opportunity to sell their shares above the market price
- ✓ The main shareholder of the Bank, Banco Bilbao Vizcaya Argentaria, S.A. launched a voluntary tender offer for TL 12,20 (15% above the last closing price) on November 15, 2021, in order to acquire all the shares that are not in its ownership. After the market price exceeded the

bid price, BBVA increased the bid price to TL 15.00 (8% above the last closing price). As a result of the voluntary tender offer process, BBVA acquired shares with a total nominal value of TRY 1,517,195,890.189, which corresponds to 36.12% of Bank's total share capital, and the total share capital of the Bank owned by BBVA reached 85.97%. In this process, where investors were given the opportunity to sell their shares above the market price, all activities were carried out in a transparent manner by informing the investors through regular PDP statements.

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Shareholders field. For this reason, the outlook for this section has been determined as "Stable".

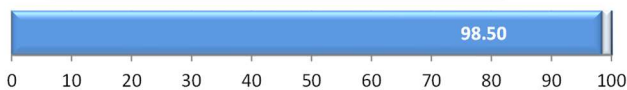
4. Public Disclosure and Transparency

The Bank succeeded in maintaining its previous level of compliance in this main section in the previous monitoring period.

The Bank's level in this section and their corresponding notes are outlined below;

- Numerical value of **9.85**
- Convergence Level **AAA(Trk)** representing the category of "Distinctive Compliance"
- Notch degree (**aaa**) representing the category of "Exceptional"
- Outlook (**Stable**)

Public Disclosures and Transparency Score %



Public Disclosure and Transparency Result

9.85

AAA (Trk) / aaa

Stable

Activities carried out during the monitoring period in this field:

- ✓ Garanti BBVA Investor Relations website, which enables investors and stakeholders to access comprehensive information, is kept up-to-date. In addition to the information required to be disclosed in accordance with the legislation on the website, there are also presentations and videos in which quarterly financial results are evaluated, information about Environmental, Social and Governance, and the Turkish economy.
- ✓ The Bank's website has also been prepared in English, with the same content as Turkish, for the access of international investors.
- ✓ The Bank discloses policies which are important for stakeholders such as Disclosure Policy, Dividend Distribution Policy, Human Resources Policy, Donation and Contribution Policy, Sustainability Policy, Environmental Policy, Corporate Social Responsibility Policy on its website.
- ✓ The Bank provides information about shareholders who directly or indirectly own more than 5% of the shares on the website.
- ✓ The Bank's quarterly financial statements were released to the public within the period specified by CMB legislation and posted on the website.
- ✓ A total of 143 notifications was disclosed to the Public Disclosure Platform (PDP) during the monitoring period. Following these disclosures, no extra information was requested.
- ✓ The Bank disclosed Corporate Governance Principles Compliance Report on the PDP.
- ✓ Significant improvements in the Bank's organizational structure and operations are published in a timely manner.
- ✓ The Bank was not suspended from trading on the BIST in the monitoring period.
- ✓ The integrated annual report was published in 2022 successfully with a high compliance level with the Code.

- ✓ In the integrated annual report, in addition to the information which is required to be disclosed as per the legislation, the topics covered in a wide range from customer experience to employee satisfaction, from digital transformation to responsible and sustainable development, along with information on risk management, corporate governance, sustainability and corporate social responsibility are explained in detail.
- ✓ Double materiality analysis was conducted by developing materiality analysis which determines the most relevant and important topics for stakeholders in the integrated annual report by the Bank.
- ✓ Flashcards application was implemented in order to provide easy access to the subjects covered in the Integrated Annual Report.
- ✓ Remuneration provided to members of the board of directors and executives are not disclosed on an individual basis in the annual integrated annual report.
- ✓ The Bank's 2021 financial tables were audited by the independent audit firm KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Same audit firm will carry out independent auditing activities in 2022.

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Public Disclosure and Transparency field. For this reason, the outlook for this section has been determined as **"Stable"**.

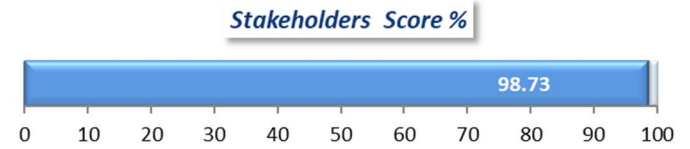
5. Stakeholders

The Bank's score in the Stakeholders main section has been increased from 9.86 to 9.87.

The double materiality analysis conducted by the Bank by determining the priority issues for stakeholders through surveys and various studies; and adding performance criteria to all employees, including the board of directors, in line with the sustainable financing target updated to TRY 150bn, are the factors behind this increase in compliance.

The Bank's compliance level and their corresponding notes are outlined below:

- Numerical value of **9.87**
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aaa)** representing the category of **"Exceptional"**
- Outlook (**Stable**)



Stakeholders Result

9.87
AAA (Trk) /aaa
Stable

Activities carried out during the monitoring period in the Stakeholders field:

- ✓ The Bank's Corporate Social Responsibility Policy and Sustainability Policy were updated during the monitoring period due to the change in the organizational structure of the Bank, which protects the interests of stakeholders with internal regulations.
- ✓ The Bank supports the participation of stakeholders in the management. In addition to the platforms where employees can share their ideas and suggestions, double materiality analysis was conducted by determining the priority issues for the Bank's stakeholder groups through surveys, meetings and phone calls. As part of this study, the Bank analyzed the impact of these issues upon the Bank (Outside-Inward Perspective) while how these topics impacted various stakeholders (Inside-Outward Perspective).
- ✓ Prioritizing occupational safety and equal opportunities, the Bank also offers various opportunities for the professional and personal development of its employees. The "Take Care of Yourself" platform, where employees can benefit free dietitian, sports trainer and psychological support, was launched in 2022 in order to improve their physical, mental and

social quality of life. Employees are allowed to work remotely or from the office with the hybrid working model. In order to further improve the young employee satisfaction, the "Youth Committee" consisting of employees under the age of 30, where ideas and actions are suggested and designed, has started its activities. The platform, designed to improve the candidate and recruitment procedures and automate processes, has been put into practice.

- ✓ According to the results of the Employee Engagement Survey conducted by an independent research company, Garanti BBVA 2022 loyalty score increased compared to the previous year and reached 4.30 out of 5.
- ✓ Considering the number of staff, the number of lawsuits filed by the employees against the Bank is reasonable.
- ✓ In addition to Net Promoter Score (NPS) studies, in order to measure customer satisfaction, the Bank made an effort to better understand the needs by conducting surveys for customers who receive service from branches, call center and digital channels.
- ✓ No lawsuits were filed against the Bank by service providers.
- ✓ Besides the Bank's numerical targets, customer satisfaction, service quality, effective management of human resources and sustainability are among the main factors affecting performance criteria.
- ✓ The "Sustainability Unit" responsible for the Bank's sustainability strategies was established under the Customer Solutions and Digital Banking. The "Sustainable Finance" team under the Investment Banking and Finance Department continues its activities.
- ✓ In 2022, BBVA Group has updated its commitment of 100 billion Euros for combating climate change and sustainable development to a total of EUR 300bn for 2025. Garanti BBVA's contribution to the new commitment is targeted at TRY 150bn and the sustainable financing target has been added in the performance criteria of all employees, from the board of directors to junior employees.

- ✓ Bulletins have been started to be sent periodically to investors and stakeholders where they can follow up-to-date issues on ESG issues. Moreover, the "Ecological" menu has been launched on the Bank's online & banking platform, which enables customers to follow their carbon footprints.
- ✓ The Bank has once again included in the Dow Jones Sustainability Emerging Markets Index (DJSI), one of the most prestigious platforms, which is evaluating the sustainability performance of corporate firms around the world and became the only company from Turkey to be included in the index seven times in a row.
- ✓ The Bank maintained its place in the FTSE4 Good Emerging Markets Index and BIST Sustainability Index.
- ✓ The Bank raised its score from 78.56 to 88.56 in the Bloomberg Gender Equality Index, which covers 418 companies from 11 sectors in 45 countries across the world.
- ✓ The Bank continues to be sponsor to many projects regarding health care, education, culture, art, sports and environment in 2022. The details of these sponsorships are disclosed on the web site and in the annual reports.
- ✓ The Bank discloses important policies for stakeholders such as Sustainability Policy, Environmental and Social Loan Policies, Donation and Contribution Policy, Disclosure Policy, Human Resources Policy and Code of Conduct on its website.
- ✓ In 2021 within the scope of social responsibility, the Bank donated TRY 16,637,802 to various institutions, mainly to The Turkish Foundation for Combating Soil Erosion. The Board of Directors submitted information to the shareholders regarding these donations in the general assembly meeting.

Outlook

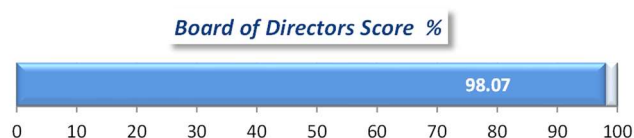
JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Stakeholders field. For this reason, the outlook for this section has been determined as "Stable".

6. Board of Directors

The Bank succeeded in maintaining its previous level of compliance in this main section in the previous monitoring period.

The Bank's level in this section and their corresponding notes are outlined below;

- Numerical value of **9.81**
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**"
- Notch degree (**aaa**) representing the category of "**Exceptional**"
- Outlook (**Positive**)



Board of Directors Result

9.81

AAA (Trk) / aaa

Positive

Activities carried out during the monitoring period in this field:

- ✓ At the general assembly meeting held on March 31, 2022 the shareholders approved the 2021 activities of the Board of Directors.
- ✓ All planned internal audit and control activities were successfully performed and information on the functioning and effectiveness of the internal control system is provided in the annual integrated report
- ✓ The roles of the Chairman and Chief Executive Officer are separated and duties and authorities of the members of the board of directors are disclosed in the annual integrated report.
- ✓ BBVA Group has subscribed liability insurance with a ceiling limit of EUR 110 million covering all subsidiaries for the individual liabilities of executives and Board Members arising from their improper conduct but the amount remains below 25% of the capital.
- ✓ The number of two female members on the Bank's Board of Directors is below the 25% (18%). However, according to the

Sustainability and Diversity Policy of the Board of Directors published on July 8, 2021, the target of female executives to constitute 25% of the Board of Directors by the end of 2025 has been preserved.

- ✓ In 2021, the Board of Directors passed 18 decisions by satisfying the required quorums for meeting and decision.
- ✓ The corporate secretary carried out sufficient activities in term of the board of director meeting's preparations, applications and follow-ups. During the meetings, the necessary services were provided to the members by the Secretary and minutes were kept in accordance to the Code.
- ✓ The Bank's Board members comply with the banking legislation regarding the external entities they can serve although there is no internal written regulation specifying any limitations in this respect. Board Members' external commitments are presented for the information of shareholders at the general assembly meeting and also in annual integrated reports.
- ✓ The structure, activities and effectiveness of the Committees established under the Board of Directors to support its audit and oversight activities, were reviewed. The duties, working principles and number of meetings of the committees are included in the integrated annual report.
- ✓ Sufficient resources and support have been provided by the Board of Directors for the committees to fulfill their duties.
- ✓ When the number of members of the Board of Directors and the number of members of the committees are taken into consideration, a member of the Board of Directors may take part in more than one committee. Although the only committee established according to the Code is the Corporate Governance Committee (with the functions of the Nominating Committee), other board committees (Credit, Audit and Remuneration) were established in accordance with the Banking Law. There are three members of the Board of Directors in the Corporate Governance Committee.

- ✓ The benefits provided to the Board of Directors and senior executives are totally shown in the annual integrated report. As of 30 September 2022, the net payment amounted to TL 186 million 933 thousand provided or to be provided to the key managers of the Bank, including the members of the Board of Directors and compensations paid to key management personnel who left their position during the year.

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Board of Directors field. Besides, on July 08, 2021, the BoD Sustainability and Diversity Policy was published. In this policy, there is a target of 25% of the Board of Directors to be composed of female members by the end of 2025. Considering the positive contribution it will create on the structure of the Board of Directors, the outlook of the main section of the Board of Directors has been determined as "**Positive**".

TABLE:1

Years	2017	2018	2019	2020	2021	3Q2022
Paid Capital (TRY Million)	4,200	4,200	4,200	4,200	4,200	4,200
Shareholders	Share (%)					
BANCO BILBAO VIZCAYA ARGENTARIA S. A.	49.85	49.85	49.85	49.85	49.85	85.97
OTHER SHAREHOLDERS	50.15	50.15	50.15	50.15	50.15	14.03
Total	100	100	100	100	100	100

TABLE: 2

Affiliates & Subsidiaries	Bank Risk Group's Share or Voting Right %	Country
Unconsolidated Affiliates		
Emeklilik Gözetim Merkezi AŞ	6.25	İstanbul/Turkey
Bankalararası Kart Merkezi AŞ	4.98	İstanbul/Turkey
Yatırım Finansman Menkul Değerler AŞ	0.77	İstanbul/Turkey
İstanbul Takas ve Saklama Bankası AŞ	4.97	İstanbul/Turkey
Borsa İstanbul A.Ş.	0.34	İstanbul/Turkey
KKB Kredi Kayıt Bürosu AŞ	9.09	İstanbul/Turkey
Türkiye Cumhuriyet Merkez Bankası AŞ	2.48	Ankara/Turkey
Kredi Garanti Fonu AŞ	1.49	Ankara/Turkey
JCR Avrasya Derecelendirme A.Ş.	2.86	İstanbul/Turkey
Birleşik İpotek Finansmanı A.Ş.	8.33	İstanbul/Turkey
Unconsolidated Subsidiaries		
Garanti Bilişim Teknolojisi ve Tic. T. AŞ	100	İstanbul/Turkey
Garanti Ödeme Sistemleri AŞ	100	İstanbul/Turkey
Garanti Kültür AŞ	100	İstanbul/Turkey
Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	100	İstanbul/Turkey
Trifoi Real Estate Company	100	Bucharest/Romania
Motoractive Multi Services SRL	100	Bucharest/Romania
Garanti Filo Yönetim Hizmetleri AŞ	100	İstanbul/Turkey
Garanti Filo Sigorta Aracılık Hizmetleri AŞ	100	İstanbul/Turkey
Consolidated Subsidiaries		
Garanti Finansal Kiralama AŞ	100	İstanbul/Turkey
Garanti Faktoring AŞ	81.84	İstanbul/Turkey
Garanti Yatırım Menkul Kıymetler AŞ	100	İstanbul/Turkey
Garanti Portföy Yönetimi AŞ	100	İstanbul/Turkey
Garanti Emeklilik ve Hayat AŞ	84.91	İstanbul/Turkey
Garanti Bank International NV	100	Amsterdam/Netherland
Garanti Holding BV	100	Amsterdam/Netherland
G Netherlands BV	100	Amsterdam/Netherland
Garanti Bank SA	100	Bucharest/Romania
Motoractive IFN SA	100	Bucharest/Romania
Ralfi IFN SA	100	Bucharest/Romania
Garanti Yatırım Ortaklığı AŞ	3.61	İstanbul/Turkey
SPV		
Garanti Diversified Payment Rights Finance Company		
RPV Company		

TABLE: 3

BOARD OF DIRECTORS

Name	Task	Experience	Date Elected	Experience (Year)	Education	Executive/Non-Executive	Independent/Not Independent	Committee Membership
Süleyman SÖZEN	Chairman	Finance, Information Technology, Consumer Discretionary, Consumer Staples, Health Care, Real Estate, Energy	29.05.1997	41	BSc/BA	Non-Executive	Not Independent	Risk Committee
Jorge Saenz-Azcunaga CARRANZA	Vice Chairman	Finance	24.03.2016	29	BSc/BA	Non-Executive	Independent	Audit Committee, Corp.Gov. Committee*, Remuneration Committee, Associate member of Credit Committee
Sait Ergun ÖZEN	Member	Financials, Information Technology, Consumer Discretionary, Consumer Staples, Real Estate, Energy	14.05.2003	35	BSc/BA	Non-Executive	Not Independent	Remuneration Committee
M. Cüneyt SEZGİN	Member	Finance	30.06.2004	34	PhD	Non-Executive	Not Independent	
Pablo Alfonso Pastor MUNOZ	Member	Finance	31.03.2021	33	Master	Non-Executive	Not Independent	Credit Committee, Risk Committee
Jaime Saenz de Tejada PULIDO	Member	Finance	02.10.2014	30	BSc/BA	Non-Executive	Not Independent	Credit Committee
Rafael Salinas Martinez de LECEA	Member	Finance	08.05.2017	31	Master	Non-Executive	Not Independent	Risk Committee, Credit Committee
Avni Aydın DÜREN	Member	Law	17.06.2020	31	Master	Non-Executive	Independent	Audit Committee, Corp.Gov. Committee*
Belkis Sema YURDUM	Member	Finance, Industrials	30.04.2013	42	BSc/BA	Non-Executive	Independent	Audit Committee, Corp. Gov. Committee*
Mevhibe Canan ÖZSOY	Member	Financials, Healthcare, Energy, Technology System	04.04.2019	31	Master	Non-Executive	Independent	
Recep BAŞTUĞ	Member & CEO	Financials, Industrials, Chemistry	06.09.2019	32	BSc/BA	Executive	Not Independent	Credit Committee

*Along with the functions of the Nomination Committee

Rating Info

Rated Company: Türkiye Garanti Bankası A.Ş.
Levent Nispetiye Mah. Aytar Cad. No:2 Beşiktaş 34340 İstanbul
Telephone number: 0212 318 18 18

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Rating Expiration Date: 1 full year after publishing date, unless otherwise stated

Previous Rating Results: ‘December 10, 2021 / Overall score / (9.79) AAA(Trk)’
Other rating results for the Company are available at www.jcrer.com.tr

Rating Committee Members: Ş. Güleç (Executive Vice President),
B. Pakyürek (Chief Analyst), F.Lap (Chief Analyst), K. F. Özüdoğru (Chief Analyst)