

## 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:** 10/12/2021

**Sector:** Banking

## T. GARANTİ BANKASI A.Ş.

### Ratings

Overall Score	<b>9.79</b>	AAA(Trk)/aaa (Positive)
Shareholders	<b>9.67</b>	AAA(Trk)/aaa (Stable)
Public Disclosure & Transparency	<b>9.85</b>	AAA(Trk)/aaa (Stable)
Stakeholders	<b>9.86</b>	AAA(Trk)/aaa (Stable)
Board of Directors	<b>9.81</b>	AAA(Trk)/aaa (Positive)

### Company Profile

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

### Senior Analyst

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## Bank Overview

Türkiye Garanti Bankası A.Ş. (Garanti BBVA or Bank), {credit ratings by JCR Eurasia Rating on September 29, 2021: **“AAA (Trk)/Stable”** on the Long-Term National Scale and at **“A-1+ (Trk)”** 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 875 branches, the Bank has 8 foreign branches and 1 international representative office as of 3Q2021.

Banco Bilbao Vizcaya Argentaria S.A (BBVA), one of the leading banking groups in Europe is the sole major shareholder of the Bank with 49.85% of shares. The remaining 50.15% 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 50.07% as of September 30, 2021.

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 report including a thorough account of its annual activities, detailed financial and non-financial performance including value drivers and indicators, and its approach to corporate governance and risk management
- High level of effectiveness in internal audit activities and closely monitoring new approaches in the field of internal auditing
- High quality service provision for customers
- Having the “Garanti IR” (Investors Relations) tablet application for Android and iOS platform
- Having a comprehensive and effective risk management system, compliant with the legislation, Bank strategies and policies
- Pioneering practices that shape the sector in sustainable products and services, sustainable finance and digital banking
- Utilization of the Bank IR website as an effective transparency platform in Turkish and English
- Effective and Visionary Board of Directors comprised of highly qualified, educated and experienced members

#### 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

# 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 December 2021.

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](http://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. These main sections’ coefficients, which were determined by the CMB, have been recently changed with the latest weight composition as 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 and “**Financial Efficiency**” analyses, 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 Publicly disclosed in Public Disclosure Platform (PDP).

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
<b>Overall</b>	<b>91.41</b>	<b>AAA(Trk) (Distinctive)</b>	<b>(aa) (Superior)</b>	<b>Stable</b>

Through the analysis of JCR ER’s original methodology, the general compliance level of the Bank with corporate

governance principles as of December 2019, can be seen in the table below.

December 11, 2020				
Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Shareholders	96.70	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Public Disclosure and Transparency	97.60	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
<b>Overall</b>	<b>97.68</b>	<b>AAA(Trk) (Distinctive)</b>	<b>(aaa) (Exceptional)</b>	<b>Stable</b>

Finally, at the end of previous monitoring period, a comprehensive review was performed in December 2021. The Bank's overall compliance note has been increased from 9.77 to 9.79.

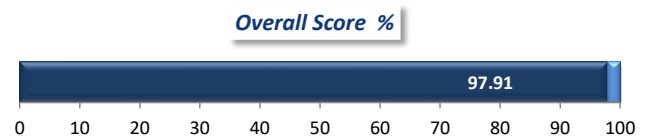
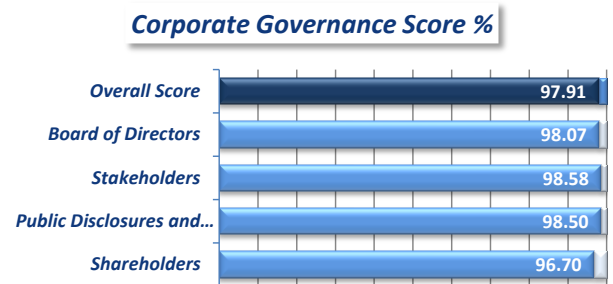
- The Bank's website will serve as a more effective platform with the addition of "About Turkish Economy" and "Garanti BBVA Climate Index" sections

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

- Numerical value of **9.79**
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**"
- Notch degree **(aaa)** representing the category of "**Exceptional**"
- Outlook (**Positive**)

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)	Positive
<b>Overall</b>	<b>97.91</b>	<b>AAA(Trk) (Distinctive)</b>	<b>(aaa) (Exceptional)</b>	<b>Positive</b>

JCR Eurasia Rating's notation system may be viewed at: [http://www.jcrer.com.tr/Upload/Files/Reports/538\\_kyder\\_notation\\_oct2010.pdf](http://www.jcrer.com.tr/Upload/Files/Reports/538_kyder_notation_oct2010.pdf)



## Overall Result

**9.79**

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 875 domestic branches, 8 foreign branches and 1 international representative offices serving to more than 19

million customers with a staff force of 18,486 employees as of 3Q2021.

The Bank's shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 50.07% as of September 30, 2021.

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%. Detailed shareholder information of Bank has been provided in the appendix.

With regard to September 30, 2021 financial statements, the Bank had a consolidated asset size of TRY 630.85bn, equity of TRY 71.13bn and a 9-month net profit of TRY 9.07bn. Main balance sheet items and ratios indicating the Bank's performance have been exhibited within the appendix.

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 651bn, a total loan EUR 327bn, a total income EUR 15bn, a total equity EUR 50bn, 6,344 branches and a workforce of 113,117 as of 3Q2021. 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.

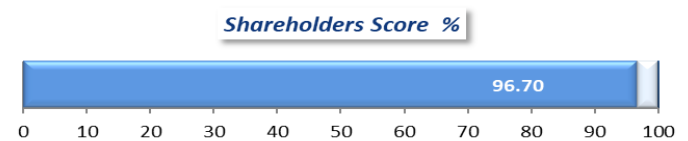
The Board of Directors of the Bank currently consists of 11 members. 4 board members are in the independent status. There are numerous committees established in scope of the Board of Directors including audit, corporate governance and remuneration committees. All committee members are highly educated and pursue managerial positions in their field of expertise of more than 20 years.

### 3. Shareholders

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 **9.67**
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aaa)** representing the category of **"Exceptional"**
- Outlook **(Stable)**



### Shareholders Result

<b>9.67</b>
AAA (Trk) / aaa
Stable

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

- ✓ The 2020 Ordinary Shareholders Meeting was held on March 31, 2021 at 10.00 a.m. at the Headquarters of the Bank. The meeting was observed by our analyst through an Electronic General Meeting System and the works undertaken regarding the meeting were closely observed prior, during and following the meeting. Pre-meeting preparations, announcements and invitations 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 2020 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 relevant documents were disclosed to investors on the internet site.
- ✓ 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.
- ✓ No findings of discrimination against any shareholder were made.
- ✓ No lawsuit was opened by shareholders to cancel the resolutions made in the shareholders meeting.
- ✓ There is no change in the articles of association of the Bank.
- ✓ Garanti BBVA Investor Relations held 561 meetings by participating in 33 investor conferences and roadshows during 2020. Between the period of January 1,2021 and December 3,2021, 221 interviews were held with international investment funds from Europe, Middle East, Asia, America, Canada and Turkey via participating in 23 domestic and foreign investment conferences on the digital platform.
- ✓ The Investor Relations Department specialists answered all inquiries from shareholders and potential investors via telephone and e-mail.
- ✓ The Investor Relations Department prepares the Bank's financial presentations on a quarterly basis and presents them to investors on the website.

- ✓ In 2020 within the scope of social responsibility, the Bank donated TRY 64,289,408 to various institutions, mainly to Ministry of Health. The Board of Directors submitted information to the shareholders regarding these donations in the general shareholders meeting.
- ✓ Although 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, the Bank takes the utmost care for facilitating the exercise of minority rights.
- ✓ The Bank realized TL 6,238,002,719 of profit during FY2020. In the general meeting on March 31, 2021, TL 5,236,217,692 was designated as extraordinary reserve fund, It has been decided to distribute the gross cash dividend amounting to TL 623,800,000 to be distributed in accordance with Article 45 of the Bank's Articles of Association and to start the distribution of the relevant amount on April 5, 2021. The dividend distribution table was disclosed to the public via the company's website and the PDP following the general 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 Shareholders field. For this reason, the outlook for this section has been determined as **"Stable"**.

### 4. Public Disclosure and Transparency

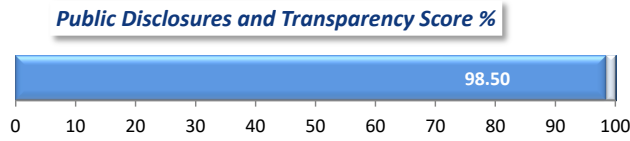
The Bank's score in the Public Disclosure and Transparency main section has been increased from 9.76 to 9.85.

- The Bank's website will serve as a more effective platform with the addition of "About Turkish Economy" and "Garanti BBVA Climate Index" sections.

is the factor behind this increase in compliance.

The Bank's level in this field 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 Disclosure and Transparency Result

<b>9.85</b>
AAA (Trk) / aaa
Stable

#### Activities carried out during the monitoring period in this field:

- ✓ The integrated annual report was published in 2021 successfully with a high compliance level with the Code.
- ✓ The Bank addressed in a comprehensive scope extending from customer experience to employee satisfaction, from digital transformation to responsible and sustainable development, these topics, along with the information on risk management, corporate governance, sustainability, corporate social responsibility in the integrated annual report.
- ✓ The artificial intelligence supported digital report assistant that included in the Integrated Annual Report section was developed.
- ✓ A total of 280 notifications from the beginning of 2021 until the end of November 2021 was disclosed to the Public Disclosure Platform (PDP). Following these disclosures, no extra information was requested.

- ✓ The Bank's quarterly financial statements were released to the public within the period specified by CMB legislation and posted on the website.
- ✓ The Bank disclosed Corporate Governance Principles Compliance Report on the PDP.
- ✓ The Bank discloses important policies in terms of public disclosure such as Information Policy, Corporate Governance Policy etc. on the website.
- ✓ The Bank's website is kept up to date in Turkish and English. A link to the PDP is included.
- ✓ 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 Bank provides the list of shareholders who directly or indirectly own more than 5% of the shares on the website.
- ✓ The Bank's 2020 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 2021.

#### 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”**.

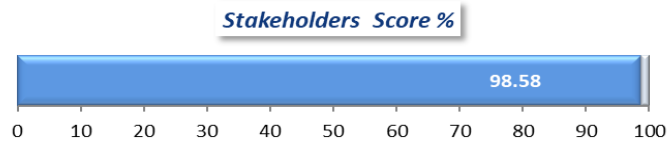
#### 5. Stakeholders

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.

The compliance level of the Bank's practices in the field of stakeholders with corporate governance principles has been determined as below:

- Numerical value of **9.86**

- Convergence Level **AAA(Trk)** representing the category of **“Distinctive Compliance”**
- Notch degree (**aaa**) representing the category of **“Exceptional”**
- Outlook (**Stable**)



### Stakeholders Result

<b>9.86</b>
AAA (Trk) /aaa
Stable

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

- ✓ Besides the Bank's numerical targets, customer satisfaction, service quality, effective management of human resources and sustainability are among the main factors affecting performance-based payments.
- ✓ In 2020, the Sustainability Committee which was established in 2010, merged with the Responsible Business Committee headed by a Board member. The sustainability matters would be addressed and discussed by this resulting committee.
- ✓ 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. Garanti BBVA is the only company based in Turkey that is included in the index for seven consecutive years.
- ✓ The Bank launched pioneering practices in the field of sustainable finance such as Syndication Loan Based on Sustainability Criteria, Sustainability-Related Loans, Green Loans, Green Bonds, Gender Equality Loans and 100% Renewable Energy in Branches and

Buildings with Suitable Infrastructure and disclosures the important policies in the website.

- ✓ In 2018, the BBVA Group allocated €100 billion to combat climate change and sustainable development. The 2025 Commitment has been updated to a total of 200 billion Euros.
- ✓ In line with BBVA's renewed commitment as a sustainable finance mobilization of €200 billion by 2025, the financing target to be mobilized for sustainable finance has been placed in the remuneration criteria of all employees, from the board of directors to junior employees.
- ✓ Within the scope of the Sustainability Principles Compliance Framework, Garanti BBVA has committed to zeroing the coal risk in 2021, by 2040 at the latest.
- ✓ All transformable branches and buildings switched to 100% renewable energy consumption.
- ✓ In 2021, the Bank maintained its place in the FTSE4 Good Emerging Markets Index and BIST Sustainability Index.
- ✓ Garanti BBVA is the only company from Turkey to be included in the Bloomberg Gender Equality Index that covers 230 companies from 10 industries from 36 countries and regions across the world.
- ✓ Considering the number of staff, the number of lawsuits opened against the Bank by employees can be considered tolerable.
- ✓ There is a succession plan for key management positions, which is regularly followed up by the executive Board member and CEO on an annual basis.
- ✓ No lawsuits were filed against the Bank by service providers.
- ✓ Although there are no written internal regulations in the participation of employees in Management, senior and middle-level managers participate in decision-making mechanisms via 20 committees and submit their suggestions and ideas through suggestion and idea platforms Önersen, GONG, and Atölye and the “Ask/Share” section of the intranet portal.
- ✓ A “Youth Committee” consisting of employees under 30 years of age, where ideas are shared and actions that can be implemented are proposed and designed, was established, in order to further improve the employee experience in Garanti BBVA Group.

- ✓ In order to automate the processes and improve the candidate and recruitment experience, a new platform has been designed to be put into service for both employees and external candidates as of next year.
- ✓ In accordance with the dynamics of the COVID-19 process, all technological processes of the Bank have been brought in compliance with the personnel to work remotely.
- ✓ The Bank continues to be sponsor to many projects regarding health care, education, culture, art, sports and environment in 2021. 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, Environment, Environmental and Social Credit Policies, Donation and Aid Policy, Information Policy, Human Resources, Ethics and Integrity Principles on its website.

## 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

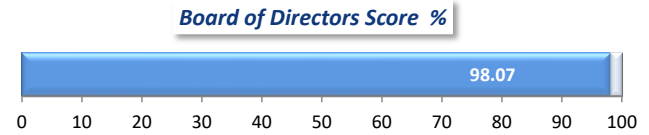
JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Board of Directors field.

The compliance level of the Bank’s practices in the field of Board of Directors with corporate governance principles has been determined as below:

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

<b>9.81</b>
AAA (Trk) / aaa
Positive

## Activities carried out during the monitoring period in this field:

- ✓ At the general meeting held on March 31, 2021 the shareholders approved the 2020 activities of the Board of Directors.
- ✓ The Bank has subscribed liability insurance to Directors and Officers covering with a limit of EUR 100 million for the individual liabilities of executives and Board Members arising from their improper conduct, but remains below 25% of the share capital.
- ✓ The Board of Directors continued the internal control system activities in accordance with the scale and complexity of the Company's activities, is also disclosed in the annual report. 9 reports presented by internal auditors to the audit committee or any other relevant committee of the Board.
- ✓ 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 report.
- ✓ The benefits provided to the Board of Directors and senior executives are totally shown in the Financial Statements. As of 31 December 2020, the net payment amounted to TL 76 million 902 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.

- ✓ 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 report.
- ✓ In 2021, a policy was published that all Board members will complete their training and completion rates will be regularly monitored.
- ✓ Two women members in the Board representing below 25% of the full number of members (18%). However, the Bank intends to increase the participation of women directors in the Board and gradually increase their percentage in the coming years.
- ✓ The Data Security and Data Protection Committee was established and three committee meetings were held during the year.
- ✓ In accordance with the new BRSA Information systems regulation, a new configuration was made in the security organization, and the Corporate Information Security team was established and reported to Recep Baştuğ.
- ✓ In-house common areas and file servers are periodically scanned in order to detect sensitive data and monitor possible unauthorized access.
- ✓ Information security trainings were revised and updated.
- ✓ As a result of researching the techniques, tactics and procedures used by Cyber Attackers at a global level, the efficiency of corporate systems against cyber attacks has been increased by making rule developments in the systems according to the MITER ATT&CK matrix, which has been systematically defined and published.
- ✓ As of FY2020, 100% compliance has been achieved with the Swift Customer Security Program, similar work will be carried out again until the end of 2021.
- ✓ New security technologies were put into use in order to detect anomalies on network traffic.
- ✓ The changes were disclosed in a timely manner to the PDP and the website.

- ✓ Javier Bernal Dionis left his post in the Board in 2021 and Pablo Alfonso Pastor Munoz was appointed instead of Javier Bernal Dionis.
- ✓ According to PDP disclosure in January, 18 ,2021, Selahattin Güldü, the Executive Vice President in charge of Commercial Banking, will be appointed as the CEO of Garanti Finansal Kiralama A.Ş. (Garanti BBVA Leasing) once Ünal Gökmen, the current CEO of Garanti BBVA Leasing, will be leaving his position. Cemal Onaran, the Executive Vice President currently in charge of SME Banking, shall assume these responsibilities and shall become the Executive Vice President in charge of Commercial Banking. Cemal Onaran will be replaced by Sibel Kaya who is currently the Director of Talent and Culture Department. Furthermore, Ufuk Tandoğan, the current CEO of Romanian subsidiary Garanti Bank S.A. will be leaving his position and replaced by Mustafa Tiftikçiöğlü, the current Wholesale Risk Coordinator of Bank.
- ✓ 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.
- ✓ Due to the COVID-19 outbreak, meetings with physical attendance were kept at minimum and the Board held 11 physical meetings in 2020. From January 1, 2021 to December 2, 2021, the Bank's Board of Directors met physically 8 times and took a decision 7 times by circulating the written decision as stipulated by the relevant legislation, without holding a physical meeting.
- ✓ 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 Meeting and also in annual reports.
- ✓ 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. On the other hand, although the only committee established according to the Corporate Governance Principles is the Corporate Governance Committee (with the functions of the Nominating Committee), other board committees (Risk, Credit, Audit and Remuneration) were established in accordance with the Banking Law No. 5411. There are three members of the Board of Directors in the Corporate Governance Committee.

- ✓ Audit, Corporate Governance, Risk and Remuneration Committees held their periodic meetings and conducted effective activities in this period. In addition, the annual report and website also contain information about the committee and policies.
- ✓ In 2021, "IBM-OpenSpace" was started to be used as a new auditing tool.
- ✓ Annual audit plan as a requirement of continuous risk assessment and dynamic planning approach, is reviewed quarterly, and if deemed necessary within the framework of changing risks, the scope of the audits, the periods planned to be carried out and the labor force allocated for the examinations can be updated. In this context, more than 100 processes and more than 230 remote branch audits were carried out for 11 different risk types and hundreds of different focal points in 2021, and investigation and examination activities continued without interruption.
- ✓ The Operational Risk Department started to operate under the name of Non-Financial Risk Management between the period of 2020 and 2021.
- ✓ The Operational Risk Admission Department, which carries out the functions related to the coordination and monitoring of the operational risk acceptance processes, outsourcing activities, was transferred to the Internal Control Department.
- ✓ Governance function of Personal Data Protection Law has been included in the Compliance Department as of January 1, 2021.
- ✓ In order to use the workforce more efficiently along with the generation of high value-added results, increase of autonomy within audit teams

and improvement of communication with the audited parties, Agile Methodology extended to all audits for the last three year period which began to be used in audits that are conducted within the Audit Board as of FY2019 and improved significantly year by year.

- ✓ The data engineer (data scientist) staff created in 2019 continues to strengthen day by day. In 2021, this staff has grown by 30% compared to the previous year, with 6 data engineers with data modeling competencies and 60 data expert inspectors with advanced SQL and data analysis competencies.

## 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**

<b>SHAREHOLDING STRUCTURE</b>						
<b>Years</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>3Q2021</b>
<b>Paid Capital (TRY bn)</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>
<b>Shareholders</b>	<b>Share %</b>					
DOGUS GROUP	10.0002	-	-	-	-	-
BANCO BILBAO VIZCAYA ARGENTARIA S. A.	39.9	49.85	49.85	49.85	49.85	49.85
OTHER SHAREHOLDERS	50.0998	50.15	50.15	50.15	50.15	50.15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**TABLE: 2**

Affiliates & Subsidiaries	Bank Risk Group's Share or Voting Right %	Country
<b>Unconsolidated Affiliates</b>		
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
<b>Unconsolidated Subsidiaries</b>		
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
<b>Consolidated Subsidiaries</b>		
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
<b>SPV</b>		
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	40	BSc/BA	Non-Executive	Not Independent	Risk Committee
Jorge Saenz-Azcunaga CARRANZA	Vice Chairman	Finance	24.03.2016	26	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	31	BSc/BA	Non-Executive	Not Independent	Remuneration Committee
M. Cüneyt SEZGİN	Member	Finance	30.06.2004	33	PhD	Non-Executive	Not Independent	
Pablo Alfonso Pastor MUNOZ	Member	Finance	31.03.2021	32	Master	Non-Executive	Not Independent	Credit Committee, Risk Committee
Jaime Saenz de Tejada PULIDO	Member	Finance	02.10.2014	29	BSc/BA	Non-Executive	Not Independent	Credit Committee
Rafael Salinas Martínez de LECEA	Member	Finance	08.05.2017	30	Master	Non-Executive	Not Independent	Risk Committee, Credit Committee
Avni Aydın DÜREN	Member	Law	17.06.2020	29	Master	Non-Executive	Independent	Audit Committee, Corp.Gov. Committee*
Sema YURDUM	Member	Finance, Industrials	30.04.2013	41	BSc/BA	Non-Executive	Independent	Audit Committee, Corp. Gov. Committee*
Mevhibe Canan ÖZSOY	Member	Financials, Healthcare, Energy, Technology System	04.04.2019	32	Master	Non-Executive	Independent	
Recep BAŞTUĞ	Member CEO	Financials, Industrials, Chemistry	06.09.2019	31	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  
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**Rating Report  
Preparation Period:** 30.11.2021-10.12.2021

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

**Previous Rating Results:** ‘December 11, 2020 / Overall score / (9.77) AAA(Trk)’  
Other rating results for the Company are available at [www.jcrer.com.tr](http://www.jcrer.com.tr)

**Rating Committee Members:** Ş.Güleç ( Head of Group), B. Pakyürek (Chief Analyst), F. Lap (Chief Analyst), K.F. Özüdoğru (Chief Analyst)