



Corporate Governance Compliance Rating Report



Garanti Faktoring A.Ş.

16 August 2024

Validity Period 16.08.2024-16.08.2025

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Faktoring 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 October 2 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 January 3 2014 and numbered 28871

The criteria established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

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).

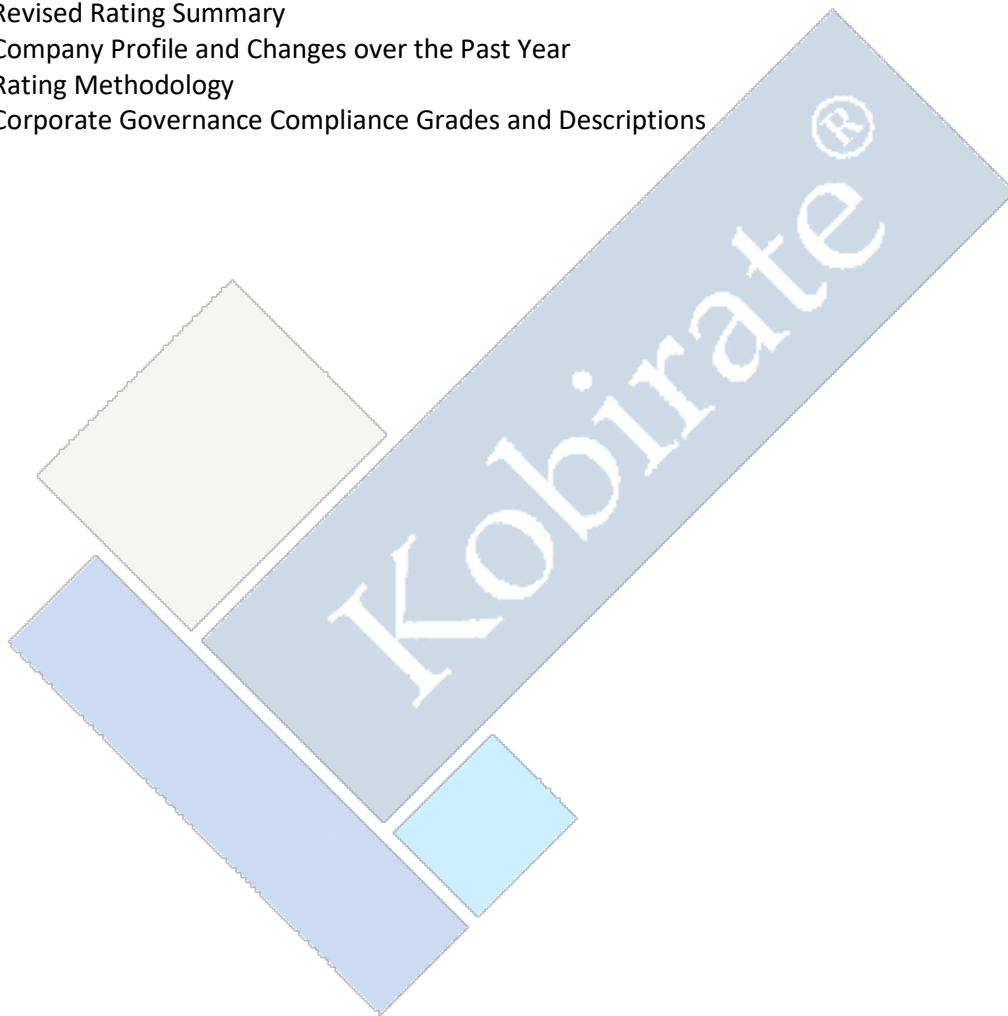
Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

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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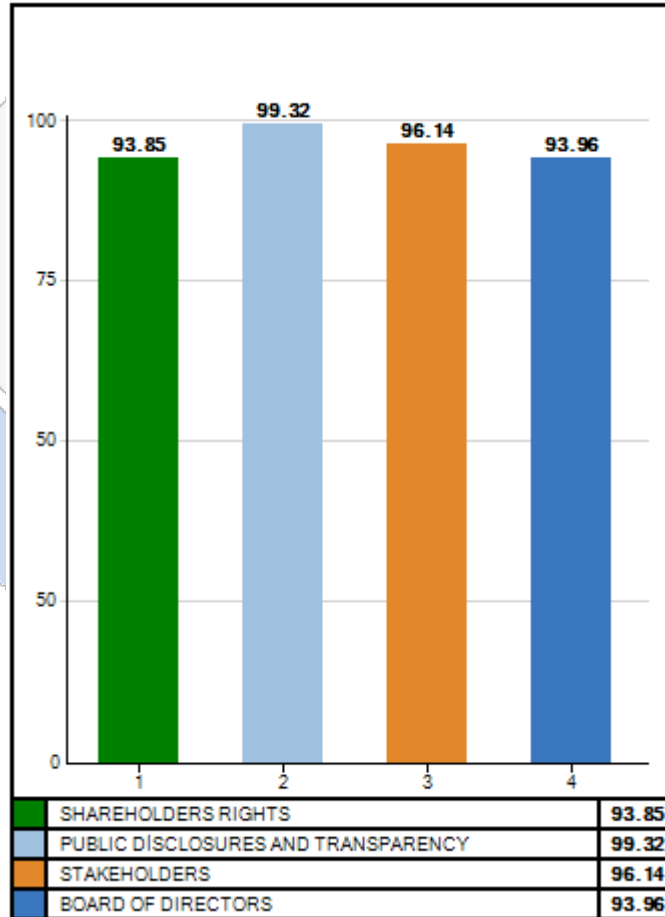
GARANTİ FAKTORİNG A.Ş.

1. RATING RESULT

BIST SECOND GROUP COMPANY

**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

9.56





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Corporate Governance Rating Committee

Burhan TAŞTAN

(License Number: 700545)

Serap ÇEMBERTAŞ

(License Number: 700342)

Nermin Z. UYAR

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2. REVISED RATING SUMMARY

This report of rating of compliance of Garanti Faktoring A.Ş. (Garanti BBVA Faktoring) with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17.1) (II-17.1.a)" published by the Board has been considered in addition to the 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.

According to the CMB decision dated 25.01.2024, No.6/137, Garanti BBVA Faktoring is on the list of BIST 2nd Group Companies list. The Company has been evaluated through examination of **448** criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 2nd Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of Garanti BBVA Faktoring has been revised to **9.56**.

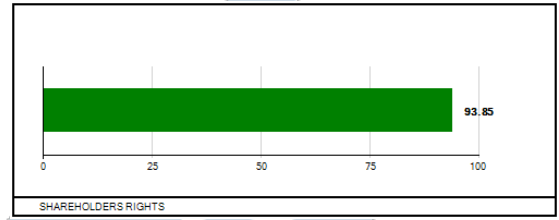
This result shows that the Company has achieved very high compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed to are identified and can be managed. The level of public disclosure and transparency are high. Rights of the shareholders and stakeholders are treated fairly. Composition and operational conditions

of the Board highly comply with the Corporate Governance Principles.

When the activities of Garanti BBVA Faktoring for the last one year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

▪ In the Shareholders section, the rating of Garanti BBVA Faktoring has been confirmed as **93.85**.



During the review period, it was observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. It is understood that the harmonious cooperation of the Investor Relations Department with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

The Investor Relations Department works under the General Accounting Unit, reporting to the Deputy General Manager, Ms. Şule Firuzment BEKÇE. In the Investor Relations Department work Ms. Serap ÇAKIR (Manager), and Ms. Müge Bal GÜNGÖRMEZ (Director). Ms. Serap ÇAKIR has a Corporate Governance Rating License and a Capital Market Activities Level 3 License.

In accordance with the CMB Corporate Governance Communiqué numbered II.17-1, Ms. Serap ÇAKIR was appointed as a Member of the Corporate Governance Committee in the Investor Relations Department.

It has been determined that the Investor Relations Unit regularly reports and makes presentations to the Board of Directors twice a year.

There is no regulation in the company, which makes it difficult to carry out a special audit. The issue that the shareholders' right to appoint a special auditor is reserved is regulated in Article 16 of the Company's articles of association .

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the corporate website of the company.

The General Assembly meeting to discuss operations of 2023 took place on 28.06.2024. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP) and the Central Registry Agency e-general assembly system (EGAS) on 31.05.2024 and in the Turkish Trade Registry Gazette (TTRG) dated 05.06.2024 and numbered 11097. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

The general assembly information document provides detailed information on the distribution of company shares, the voting rights granted by the shares and the privileges regarding voting. Additionally, whether shareholders have requested the inclusion of items on the agenda has been disclosed, along with information on the dismissal, replacement, or election of board members if such items are on the General Assembly meeting agenda. The reasons for dismissal or replacement, information about candidates for board membership, and various details required to be disclosed to shareholders and the public under corporate governance principles are also included.

The company's Articles of Association include a provision that the Board of Directors will be elected from among the candidates nominated by the holders of Group (A) (privileged) shares.

Executives and auditors who are authorized to brief participants on special subjects and answer their questions have attended the meeting. Attending top managers were Mr. Kaya YILDIRIM (Member of the Board of Directors-General Manager), Ms. Şule Firuzment BEKÇE (Assistant General Manager), Ms. Serap ÇAKIR (General Accounting Unit Manager), Ms. Eda KAYHAN (Legal and Compliance Manager). In addition, the representative of the independent audit company, Ms. Selay TUNCA, attended the meeting.

Net distributable profit for the period 2023 was 1,081,352,818.93 TL according to the financial statements prepared in accordance with the TPL and 1,045,083,711.97 TL according to the consolidated financial statements prepared within the framework of the CMB legislation. The way the profit is used is explained in the "*ii. Dividend Distribution*" section of our report.

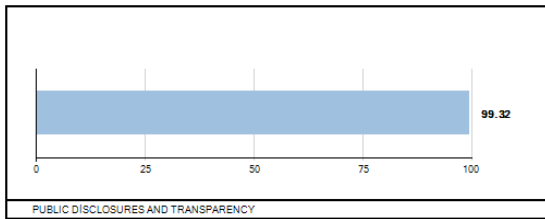
The profit distribution proposal of the board of directors and the profit distribution table were published on the Public Disclosure Platform on the same day as the invitation to the general assembly.

An application was made to the Capital Markets Board on February 16, 2024, for the capital increase of the company's registered capital from 79,500,000 TL to 397,500,000 TL, representing a 400% bonus issue. The application was approved by the Capital Markets Board on May 9, 2024, and the process was completed on May 16, 2024, with the new shares being transferred to the accounts of the shareholders whose shares are traded on the Stock Exchange.

The amendment to Article 6 of the company's Articles of Association was registered with the Trade Registry on June 10, 2024.

Holding General Assembly meetings open to the public, including stakeholders and the media without voting rights, incorporating a provision regarding this into the company's Articles of Association, and including this in the General Assembly meeting announcement or the General Assembly Information document, as well as granting minority rights to those holding less than one-twentieth of the capital through the Articles of Association, would further enhance the company's compliance with the principles.

▪ In the Public Disclosure and Transparency section, the company's rating was confirmed as **99.32**.



It has been determined that Garanti BBVA Factoring's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities.

The corporate website (www.garantibbvafactoring.com) is updated regularly, and the website is being used as an active and effective platform for disclosure to the public. All information and documents that the public, investors and other interested parties want to access are published on the corporate website of the company for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

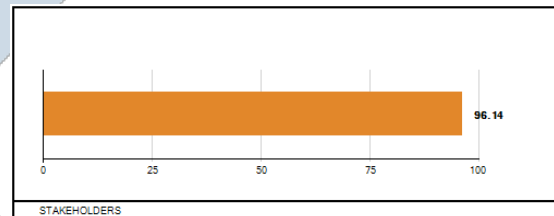
The company's disclosures on the Public Disclosure Platform (PDP) are made in both Turkish and English.

The officials in the Company who are charged with disclosures and have the authority for signature are Ms. Şule Firuzment BEKÇE (Assistant General Manager) and Ms. Serap ÇAKIR (Unit Manager).

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. Company activity reports are in detail and content that can set an example.

The company's independent audit for 2023 was conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). 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.

▪ In the Stakeholders section, the company's rating has been revised upwards to **96.14**.



The company's establishment of a new Human Resources Policy during the rating period and the continued commitment to sustainability efforts under the responsibility of the Sustainability Committee are the reasons for the increase in the section's score.

It is concluded that Garanti BBVA Factoring protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It has been observed

that many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation and retirement procedures have been determined, and it is thought that these procedures are adhered to in practice. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been determined that the Company runs training programs to increase the knowledge, talents and experience of its employees and that it has prepared training policies.

As of 30.06.2024, 119 employees are employed in the company.

Company employees were provided with a total of 2,836 hours of training, an average of 23.06 hours per employee in 2023, and a total of 1,222 hours of training, 9.86 hours per employee in 2024.

The ongoing award program that started in 2013 is aimed to reward employees who "Make a Difference" in line with the Company's goals and strategies in predetermined categories and make a difference throughout the Company. In this context, 1 employee was entitled to receive the award in various predetermined categories within the scope of the "Make a Difference" project within the Company in 2022.

The employee satisfaction and engagement surveys were also carried out in 2024, and the results guide the improvement efforts within the company.

Ethical Rules and Working Principles have been determined and are updated when necessary. On the other hand, the policies concerning the shareholders and all

stakeholders are disclosed to the public on the corporate website of the company.

With its corporate social responsibility approach, Garanti BBVA Factoring provides aid and donations to individuals and non-governmental organizations operating in the fields of education, culture, arts, environment and sports. The company makes all donations and aids in areas that develop the vision of the individual and society in accordance with its mission and policies and by observing ethical principles. In 2023, the company made donations to the Community Volunteers Foundation, ÖRAV, AFAD and the Turkish Education Foundation, and also provided scholarship support to 13 students with the "Garanti BBVA Factoring Scholarship Fund" created within the Company Community Volunteers Foundation in 2023.

Sustainability;

The Company, which runs in parallel with T. Garanti Bankası A.Ş., which is a pioneer in this field with its policies and procedures in the field of sustainability, has started its Environmental, Social and Corporate Governance efforts within the scope of the "Communiqué Amending the Corporate Governance Communiqué (II-17.1) (II-17.1.a)", published in the Official Gazette dated 02.10.2020.

Garanti BBVA Factoring recognizes the importance of conducting its activities responsibly and aims to determine the principles that will guide all its efforts in this regard in order to strengthen its mission to continuously and significantly increase the value it adds to its customers, shareholders, employees, society and the environment with its effectiveness, agility and organizational efficiency, with the aim of presenting the opportunities of the era to everyone in Turkey,

These principles support Garanti BBVA Factoring in effectively identifying and addressing the key sustainability risks and opportunities it faces in Turkey.

Based on its indispensable values, Garanti BBVA Factoring defines sustainability as a commitment to create a strong and successful business model for the future by sharing long-term values with its customers, employees, shareholders and all groups in the places where it operates, as well as minimizing the negative effects on the environment and society.

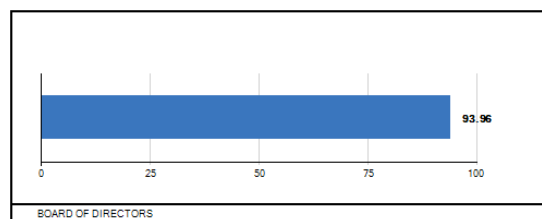
Within the scope of the Sustainability Compliance framework, the Board of Directors approved and published on <https://www.garantibbvafactoring.com> the Environmental and Social Credit Policies on 19.08.2014 and Garanti Ethics and Integrity Principles on 07.12.2015.

The Board of Directors approved and announced to the Company employees through the web portal (intranet) Garanti Anti-Corruption Policy on 28.11.2018, Policies and Procedures Compliance Program on Prevention of Laundering Proceeds of Crime and Financing of Terrorism on 01.04.2019, and Garanti BBVA Factoring A.Ş. Personal Data Retention and Destruction Policy on 05.08.2020.

The Sustainability committee of the company was also established with the decision of the Board of Directors dated 22.06.2023 and numbered 33, and the Sustainability General Policy of the Company was adopted and entered into force with the same decision.

Garanti BBVA Factoring Sustainability Committee held its first meeting on 17.07.2023. The committee held two additional meetings in 2023, on September 13, 2023, and September 24, 2023. In 2024, it conducted two meetings on February 28, 2024, and March 20, 2024.

▪ In the Board of Directors section, Garanti BBVA Factoring A.Ş.'s rating was upwards to **93.96**.



The reason for the increase in the section's score is that, following the adoption and implementation of the company's Board Diversity Policy by the Board of Directors' decision dated March 27, 2023, and numbered 15, a new restructuring of the Board was undertaken during our rating period, resulting in the number of female Board members reaching the 25% target set forth in the Corporate Governance Principles.

In the meetings with the company officials and the examinations made on the Board of Directors' Decision Book, it has been determined that the Board continues its activities actively, effectively and regularly. It has been observed that the Board of Directors internalizes the corporate governance principles, adopts an open approach to improvement and development, and displays a proactive attitude in compliance with the principles.

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources. The duties of the chairman of the board of directors and general manager are carried out by different persons, and the authorities of each are defined. The board of directors, which consists of a chairman and 11 (eleven) members, consists of 3 (three) executive and 9 (nine) non-executive members. 4 (four) of the non-executive members have the status of independent member.

3 (three) female members were appointed to the Board of Directors. This structure fully fulfills the "not less than 25%" criterion determined by the CMB as the rate of female members on the board of directors.

The following statement is included in the content of the "Board of Directors Diversity

Policy," which was accepted by the Company's Board of Directors and entered into force, "In particular, maximum effort will be made to ensure a balanced representation of women and men in the Board of Directors. For this purpose, a target has been set for the representation of the under-represented gender, which is to try to ensure that at least 25% of the Board of Directors is represented by female executives by the end of fiscal year 2025 and beyond.", the company's determination of a target rate and target time, not less than 25%, for the rate of female members in the board of directors, which is included in the corporate governance principles, and the creation of a policy to achieve these targets are considered as an indication of compliance with the principle. The continued fulfillment of the Board of Directors' responsibility to annually assess the progress made toward these targets will ensure the company's ongoing compliance with the principles in this regard.

The Audit, the Corporate Governance and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. 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. All members of all three committees are independent board members. In addition, only the Investor Relations Officer and a non-executive Board Member serve as committee members in accordance with Communiqué No. II.17.1 in the Corporate Governance Committee. The company's general manager has not been appointed within the committee structures.

The Board of Directors convened 36 (thirty-six) times in 2023. A total of 60 decisions were made. As of the end of July 2024, the Board has convened 17 times and made 28 decisions.

The Audit Committee held 8 (eight) meetings in 2023. Four of these meetings were held with the participation of the independent auditor. As of the end of June 2024, it held 3 (three) meetings.

The Company's Internal Control Unit operates under the Board of Directors. Additionally, it reports periodically to the Audit Committee. Additionally, the Internal Audit Department of the main shareholder, T. Garanti Bankası A.Ş., conducts audits of the Company as part of their annual audit plans.

The Company's Internal Control Executive conducts a total of 41 recurring checks, including 1 daily, 3 weekly, 21 monthly, 8 quarterly, 4 semi-annually, and 4 annually. The results of the controls are reported monthly to the Company's top management and department heads.

The Audit Committee is also informed about the results of the audits conducted on a quarterly basis. Additionally, twice a year, a report on internal control activities is submitted to the Audit Committee members.

The Corporate Governance Committee convened 3 (three) times in 2023 and 3 (three) times as of the end of June 2024.

In 2024, the Committee meetings were held twice within the scope of the Nomination Committee's duties and once within the scope of the Remuneration Committee's duties.

The Early Detection of Risk Committee held 6 (six) meetings in 2023 and 3 (three) meetings as of the end of June 2024.

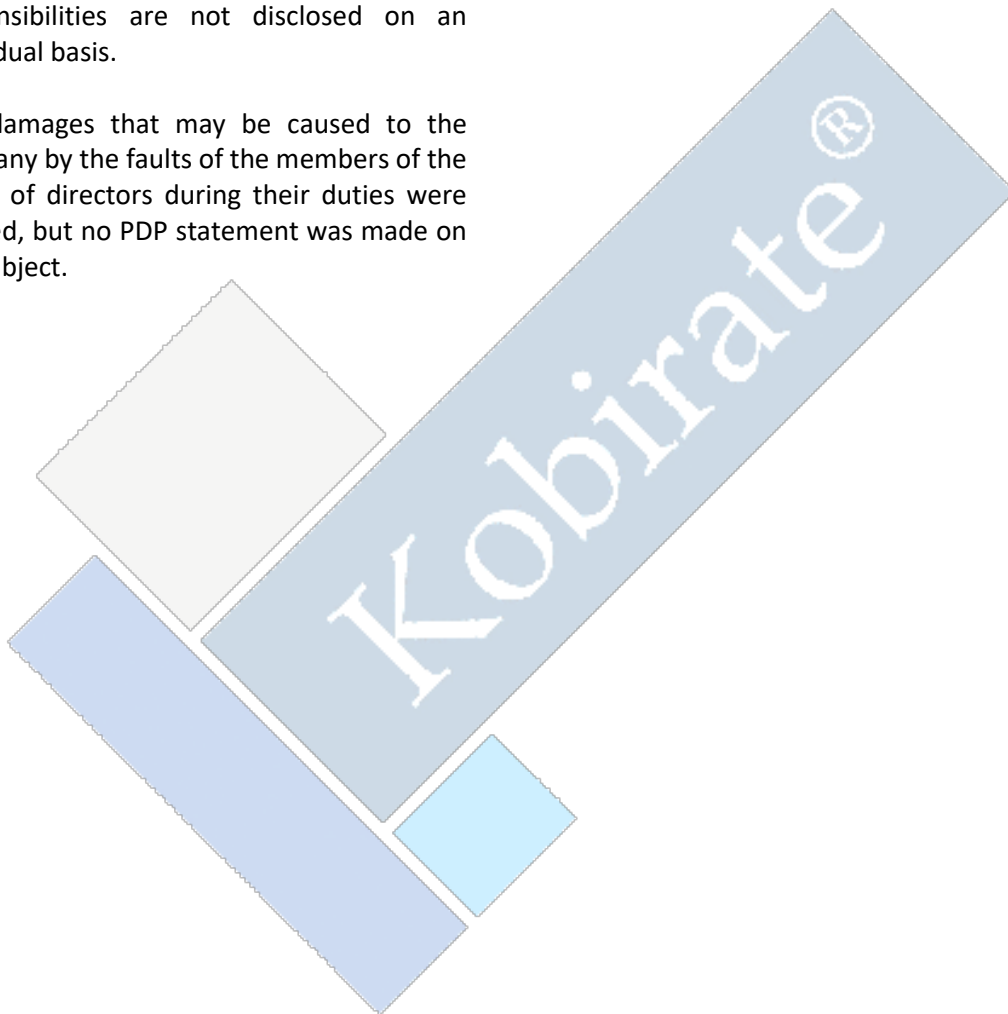
In the examinations made on the documents, it was observed that the meeting records of both the Board and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website.

With the decision of the Company's Board of Directors dated 27.03.2023 and numbered 15, the "Board of Directors Procedures and Working Principles" has been accepted in its final form. Section 4 of these principles includes "Self-Assessment Principles of the Board of Directors." Self-assessments to be carried out by the Board of Directors in accordance with these principles will be followed up and evaluated in the upcoming rating studies.

Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

The damages that may be caused to the company by the faults of the members of the board of directors during their duties were insured, but no PDP statement was made on the subject.



3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR



Company Name : Garanti Faktoring Anonim Şirketi
Company Address : Çamçeşme Mahallesi, Tersane Cad. No:15,
34899 Pendik/ İSTANBUL
Company Phone : (0216) 6254000
Company Fax Number : (0216) 6254001
Company's Web Address : www.garantibbvafactoring.com

Date of Incorporation : 04.06.1990
Registered Number : 265852
Paid-in Capital : 397,500,000,-TL

Line of Business : Factoring services

Company's Sector : Financial Sector

Company's Representative in Charge of Rating:

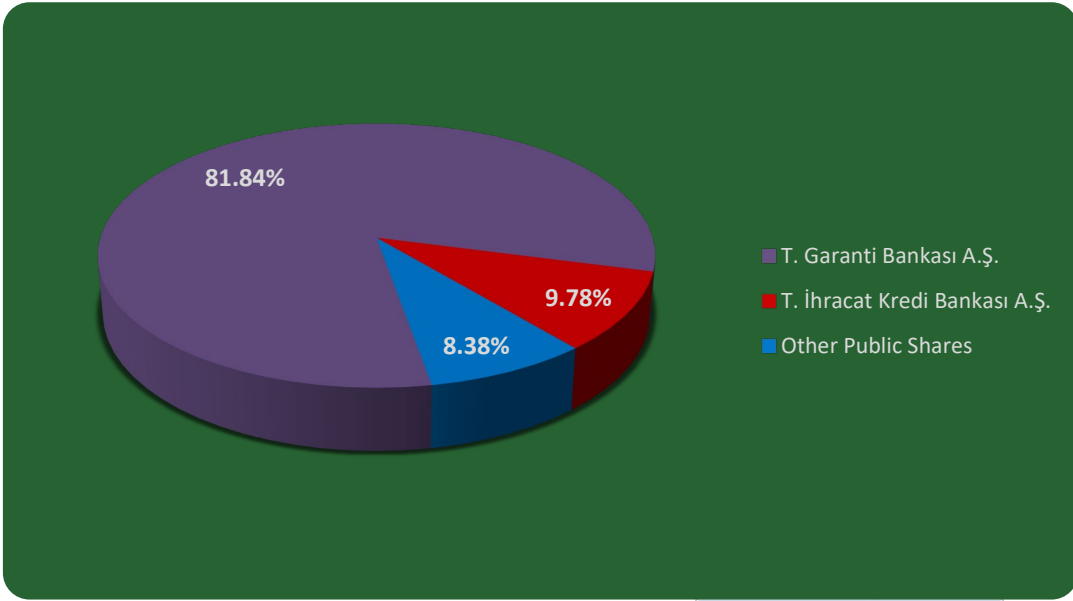
Serap Çakır

General Accounting Unit Manager

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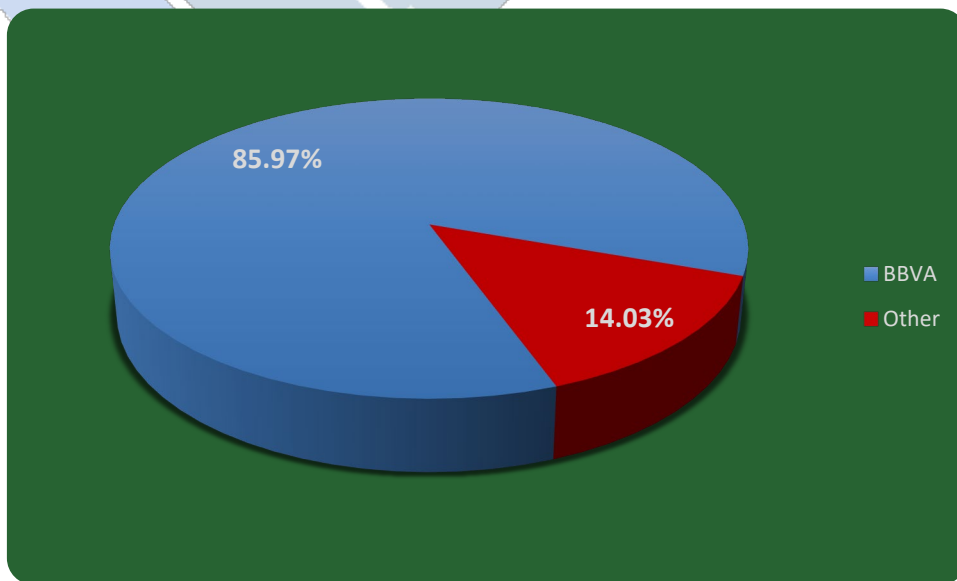
Shareholder Structure (as of the date of this report)



Source : www.garantibbvafactoring.com

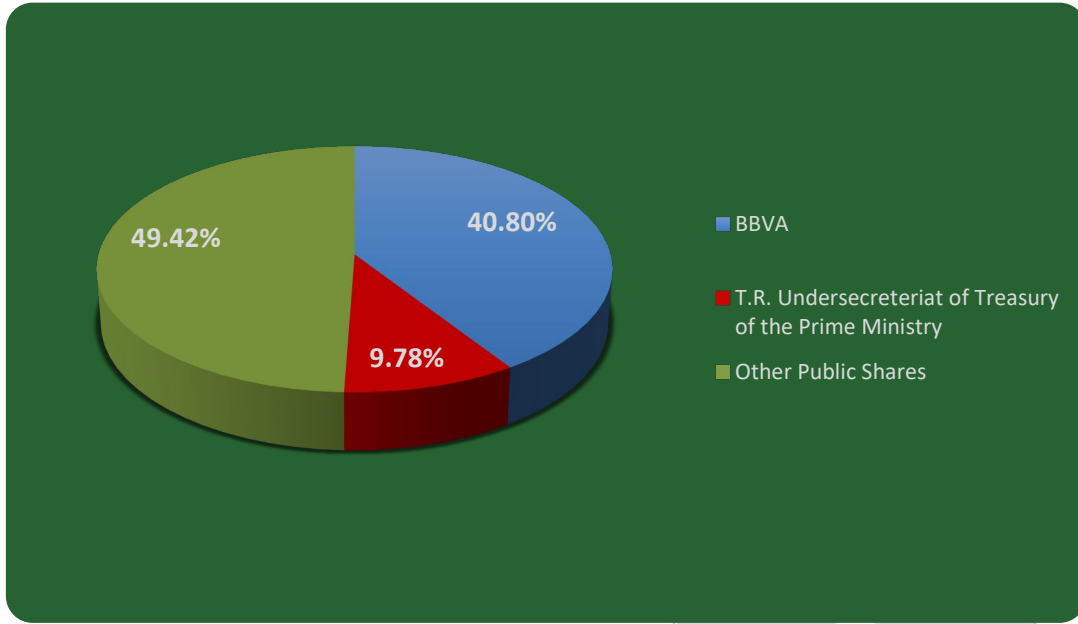
Shareholder Name	Share (TL)	%
T.Garanti Bankası A.Ş.	220,233,354.40	55.40
Public Shares Held by T. Garanti Bankası A.Ş.	105,094,820.90	26.44
T. İhracat Kredi Bankası A.Ş.	38,864,709.53	9.78
Other Public Shares	33,307,115.14	8.38
Total	397,500,000.00	100.00

Main Shareholder T. Garanti Bankası A.Ş. Shareholder Structure



Source: www.kap.org.tr

Real and Legal Persons Directly or Indirectly Owning the Capital in Garanti Faktoring A.Ş.



Source : www.garantibbvafactoring.com

Shareholder Name	Share (TL)	%
BBVA (Banco Bilbao Vizcaya Argentaria S.A.) (From T. Garanti Bankası A.Ş.)	32,435,220.62	40.80
T.R. Undersecretariat of Treasury of the Prime Ministry	7,772,941.91	9.78
Other Public Shares*	39,258,484.85	49.42
Total	79,500,000.00	100.00

Source: www.kap.gov.tr

* From the free float ratio of T. Garanti Bankası A.Ş.

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Recep BAŞTUĞ	Chairman	Executive
Murat ATAY	Deputy Chairman	Executive
Kaya YILDIRIM	Member of the Board of Directors & General Manager	Executive
Osman Bahri TURGUT	Member of the 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
Tuba KÖSEOĞLU OKÇU	Member of Board of Directors	Non - Executive
Ebru OGAN KNOTTNERUS	Independent Member of Board of Directors	Non - Executive
Nihat KARADAĞ	Independent Member of Board of Directors	Non - Executive
Serkan ÇANKAYA	Independent Member of Board of Directors	Non - Executive
Akın EKİCİ	Independent Member of Board of Directors	Non - Executive

Top Management of the Company

Name/ Surname	Title
Kaya YILDIRIM	General Manager
Şule FİRUZMENT BEKÇE	Deputy General Manager
Gülçin İŞCAN	Deputy General Manager
Osman BİLGİN	Deputy General Manager

Committees Formed Within Board of Directors

AUDIT COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors (Chairman)
Serkan ÇANKAYA	Independent Member of Board of Directors

CORPORATE GOVERNANCE COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors (Chairman)
Osman Bahri TURGUT	Member of the Board of Directors (Not Executive)
Serap ÇAKIR	General Accounting Unit Manager/Investor Relations Manager

EARLY DETECTION OF RISK COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors (Chairman)
Serkan ÇANKAYA	Independent Member of Board of Directors

Balance-Sheet Comparison of Company's Certain Selected Items for yearends of last two years

	2022/12 (Thousand TL)	2023/12(Thousand TL)	Change %
Total Assets	9,670,054	11,823,172	22.27
Factoring Receivables	9,466,818	11,486,757	21.34
Paid Capital	79,500	79,500	-
Equity	692,074	1,734,082	150.56

Source: Garanti Faktoring A.Ş. 2023 Annual Report

Profit / Loss Comparison of Some Items of Last Two Years

	2022/12 (Thousand TL)	2023/12(Thousand TL)	Change %
Factoring Income	1,347,840	4,019,836	198.24
Operating Expenses	(97,085)	(200,068)	106.08
Financing Expenses	(768,789)	(2,280,325)	196.61
Net Profit/Loss	350,742	1,045,084	197.96

Source: Garanti Faktoring A.Ş. 2023 Annual Report

**Peak and Bottom Closing Values of Company shares traded at BIST
between 08.08.2023 and 08.08.2024**

Bottom (TL)	Peak (TL)
13.56.- (08.08.2023)	41.20.- (24.04.2024)

Source: Garanti Faktoring A.Ş.

The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included

SUBMARKET / OUTRIGHT PURCHASES AND SALES MARKET-(FOR QUALIFIED INVESTORS)

BIST FINANCIALS / BIST ALL SHARES / BIST LEASING FACTORING / BIST ALL SHARES-100 / BIST CORPORATE GOVERNANCE

Source: www.kap.org.tr

A. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

During the reviewing period, an application was made to the Capital Markets Board on February 16, 2024, for the capital increase of the company's registered capital from 79,500,000 TL to 397,500,000 TL, representing a 400% bonus issue. The application was approved by the Capital Markets Board on May 9, 2024, and the process was completed on May 16, 2024, with the new shares being transferred to the accounts of the shareholders whose shares are traded on the Stock Exchange.

ii. Profit Distribution:

The decision of the Board of Directors of the Company, dated 31.05.2024 and numbered 21, regarding the distribution of the net period profit obtained as a result of 2023 activities is as follows;

“To be decided at the Ordinary General Assembly Meeting of our company for 2023,

"In accordance with the Communiqué No. II-14.1 on "Principles of Financial Reporting in Capital Markets" issued by the Capital Markets Board, our financial statements for the accounting period of January 1, 2023, to December 31, 2023, were prepared in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and the mandatory formats determined by the Capital Markets Board. These financial statements, audited by Güney Independent Audit and Certified Public Accountancy Inc., showed a profit of 1,483,138,587.58 TL for the year 2023. After deducting the tax provision, the remaining net profit for the period is 1,045,083,711.97 TL. Considering the deferred tax effect of 47,831,579.63 TL calculated from the 2023 profit, it was decided to propose to the General Assembly that this amount be transferred to the extraordinary profit reserves accounts

and retained within the Company in accordance with the "determination and distribution of profit" principle set out in our Articles of Association."

The proposal of the board of directors on profit distribution was discussed and approved as the 5th item of the agenda at the ordinary general assembly meeting held on 28.06.2024.

iii. Policies:

During the reviewing period, no changes were made to the Company's Code of Ethics and Integrity, Disclosure Policy, Remuneration Policy, Profit and Loss Policy, or Compensation Policy.

The Company's Human Resources Policy was updated in 2024.

iv. Management and Organization:

During the reviewing period, the number of Board members was increased to 12, of which 4 are independent directors and 3 are female directors. At the 2023 Ordinary General Assembly meeting held on June 28, 2024, Ms. Ebru OGAN KNOTTNERUS and Mr. Akin EKICI were elected as new independent board members, and Ms. Tuba KÖSEOĞLU OKÇU was elected as a non-executive board member.

By the Board of Directors' decision dated August 3, 2023, and numbered 39, it was decided to establish a "Risk Committee" under the Board of Directors to ensure the highest level of compliance with the Risk Management practices conducted by the Company's main shareholder, T. Garanti Bankası A.Ş. Additionally, as part of the organizational changes within the Head Office, a "Risk Management and Credit Monitoring" unit was established, and the "Credit Monitoring and Reporting" unit, whose functions were fully transferred to the new unit, was closed.

4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's 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.

The organization for Economic Co-operation and Development (OECD) established a working group in 1998 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 have kept the concept of corporate governance on the agenda and become guidelines for the laws and regulations of OECD members, as well as other countries.

According to the OECD Corporate Governance Principles, corporate governance is based on four basic principles: 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.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated January 3 2014 and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

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

448 criteria are used in the rating process for BIST 2nd Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as follows:

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 2014/2 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.

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

GRADE	DEFINITIONS
9-10	The Company achieved substantial compliance with 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 is high. The 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.
7-8.9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to 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. The interests of the stakeholders are fairly considered. The 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.
6-6.9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a 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 a need for improvement. The 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.

GRADE	DEFINITIONS
4-5.9	<p>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, and the structure, as well as the working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>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 to 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.</p>

