



Corporate Governance Compliance Rating Report

 **Garanti Factoring**

Garanti Faktoring A.Ş.

21 August 2014

Validity Period 21.08.2014-21.08.2015

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Faktoring A.Ş., is compiled in accordance with the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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 directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

The Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 67 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.

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Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate International Credit Rating and Corporate Governance Services Inc. formed accordingly to the methodology disclosed.

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GARANTI FAKTORİNG A.Ş.

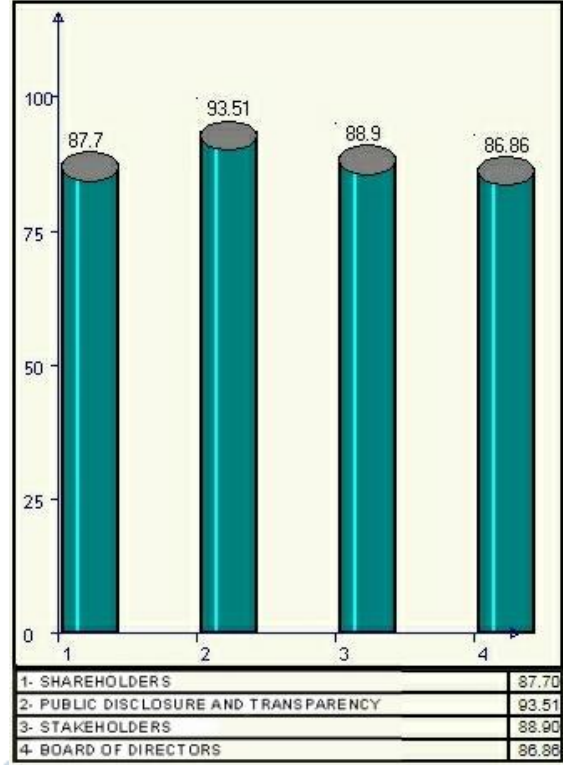
**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

8.9

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RATING SUMMARY

The process of rating of compliance of **GARANTI FAKTORİNG A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş., through onsite examinations of the documents, interviews held with executives and persons involved, and of other reviews, according to the CMB's Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

At the end of examination of 399 criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.Ş., developed for "Third Group Companies of the BIST, the Corporate Governance Compliance Rating Grade of **GARANTI**

FAKTORİNG A.Ş. is determined as **8.90**. This result signifies that **GARANTI FAKTORİNG** has achieved a considerable compliance with the CMB's Corporate Governance Principles and it expresses a need for some improvements while it doesn't pose major risks. The company well deserves to be included in the BIST Corporate Governance Index.

In view of rating process under main headings in brief;

It is observed that the company has obtained a grade of **87.70** in respect of Shareholders' Section and it is confirmed that the company in general has achieved a good level of compliance with the CMB Corporate Governance Principles. The existence of Investors Relation Department, through which a healthy relationship with shareholders is implemented, timely and duly convention of general assembly, establishment of a dividend policy and

revision of it in accordance with CMB directives are salient positive achievements. In accordance with CMB Directive no II.17-1, the Manager of Investors Relation Department is appointed as Corporate Governance Committee member.

It has been appreciated that **GARANTI FAKTORING** who gained **93.51** for Public Disclosure and Transparency has developed its disclosure policy and revised it in accordance with CMB directives and shared it with public, provided access to several current data on the corporate internet website, which are specified in the principles and might be needed by the investors.

It is seen that the Annual Report is developed, becoming sufficient in terms of content and information is supported with graphics. Due to such efforts **GARANTI FAKTORING** has displayed a sufficient level of compliance with the principles covering public disclosure and transparency.

It's observed that the company reached the grade of **88.90** for the Stakeholders' Section.

The Company has achieved considerable compliance with the CMB's Corporate Governance Principles in respect to this section. A human resources policy is established; regulations are made and disclosed to the employees including recruitment, job descriptions, performance appraisal, promotion, awarding, leave and social benefits.

It is observed that job processes and standards are set forth and that the customers are informed of such processes.

Procedures for outsourcing in terms of products and services are laid down in written documents.

Ethical Business Rules are set forth and introduced to employees to act pursuant to such rules.

As for the Board of Directors Section, the Company's grade is **86.86**, representing a good level compliance with the CMB's Corporate Governance Principles.

It is confirmed that the Board has set company's strategic goals, audits performance of company management, pays further attention to the company affairs to be in compliance with the legislation, the Articles and internal regulations.

The posts of Chairman of the Board and Chief Executive Officer are held by separate individuals, the powers of each of them are indicated in the Articles of Association.

The Board convenes regularly and procedures for meetings are incorporated in both the Articles and internal directives.

It has been observed that the Audit, Corporate Governance and Early Detection of Risk Committees referred to in the Principles have been formed, whose working principles appear in written documents. Moreover there are some committees within the Board that include professionals and these operate actively.

On the other hand, there are other important indications of compliance with the Principles such as the fact that Board comprises adequate non-executive members as well as independent members and that guidelines for remuneration of top executives are set forth and have been disclosed to partners in a separate item at the general assembly.

It is also seen that the Board Members are insured with an amount of over 25 % of company capital, in case of possible mistakes and losses they might cause for the company.

2. 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.

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

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

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

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

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

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", 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.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

In the process of rating, **399** different criteria are considered to measure the compliance of BIST third group firms with the corporate governance principles.

Such criteria are translated into the Kobirate A.S.'s unique Corporate Governance Rating Questionnaire.

According to CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99(KBRT)-267/3854, the following rates are applied in the new Corporate Governance Compliance Rating:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB has sent its notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452, on CMB decision dated 01.02.2013 and numbered 4/105 to our company, notifying that only 85 % of full points can be given for a principle when the minimum requirements of CMB issued good corporate governance principles are met and that in order to take the practices which go beyond the minimum requirements into consideration in the rating grade, new questions / methods should be added to the methodology.

According to the 2014/2 revised corporate governance compliance rating methodology, created by our company, in case the minimum conditions of corporate governance principles – declared in CMB notification of Corporate Governance dated 03.01.2014 – are met and all criteria is evaluated within same category the grade for that section is restricted with 85 % of the full points. The remaining 15 % is determined by internalized good practices of the company that go beyond the criteria stated in corporate governance principles.

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 unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

In this report the following legends have the following meanings:

✓ Due / Correct Application of CMB's Corporate Governance Principles

✗ Improper / Erroneous Application of CMB's Corporate Governance principles

✓/* Practices required to be improved in compliance with CMB's Corporate Governance Principles.

3. COMPANY PROFILE

Garanti Factoring

Company Name	: Garanti Faktoring Anonim Şirketi
Company Address	: Eski Büyükdere Cad. Ayazağa Köy Yolu No:23 Kat: 2 Maslak Sarıyer 34396 İSTANBUL
Company Phone	: (0212) 3653150
Company Facsimile	: (0212) 3653151
Company Website	: www.garantifactoring.com.tr
Date of Incorporation	: 04.06.1990
Registered Number	: 265852
Paid-in Capital	: 79.500.000.-TL
Line of Business	: Factoring services
Sector in Which its Operates	: Finance

Company's Representative in Charge of Rating:

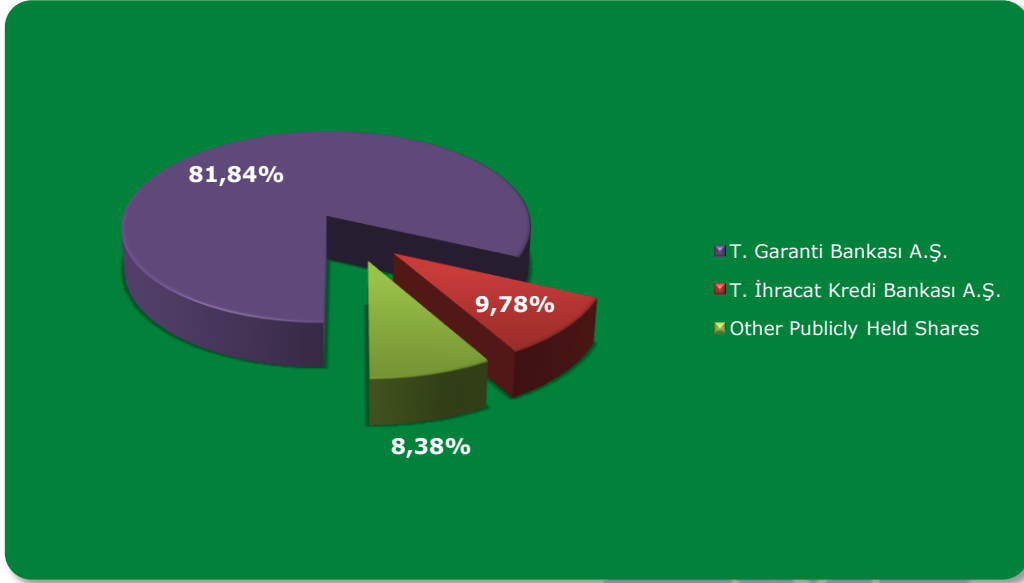
Serap Çakır

Head of General Accounting Department

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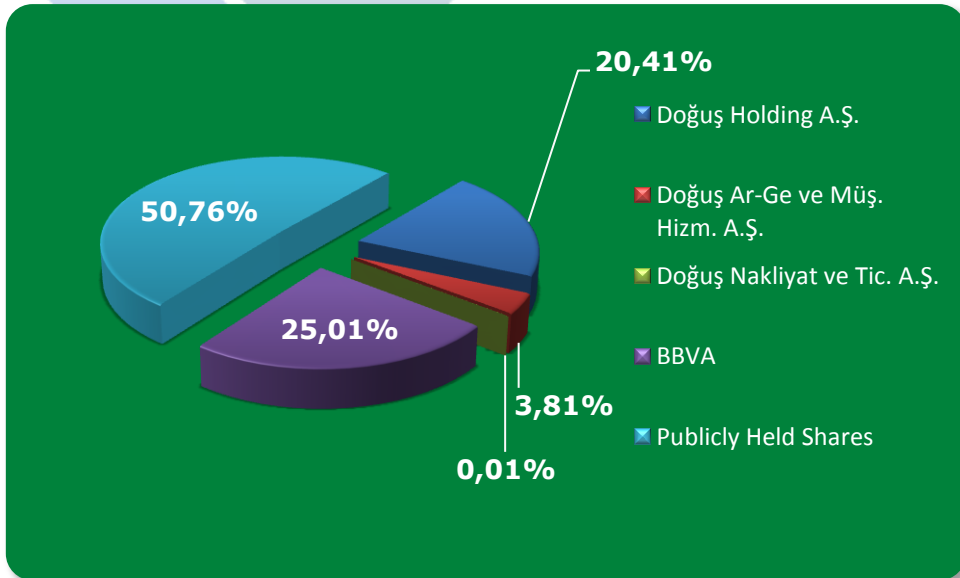
Shareholders' Structure (As of the Report Date)



Source : www.garantifactoring.com

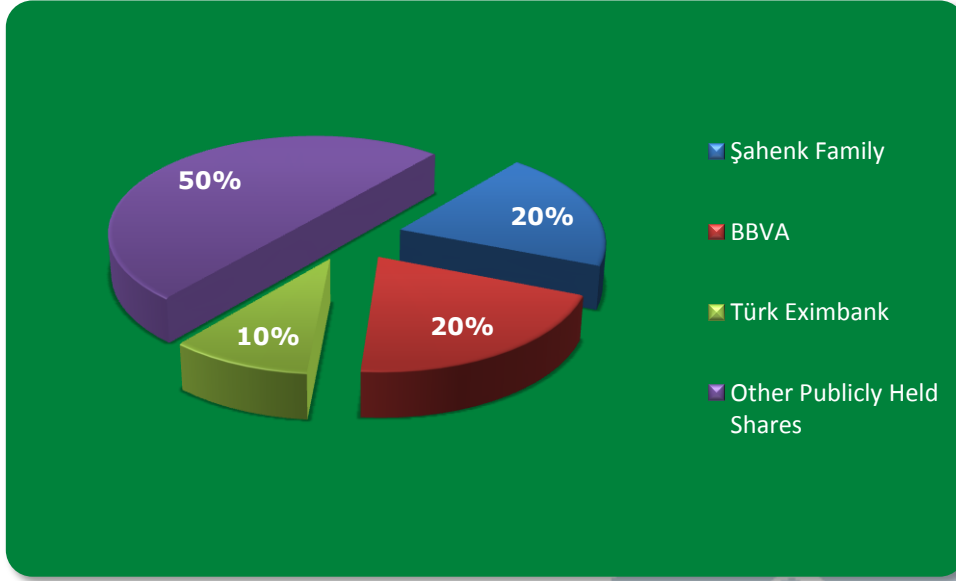
Name	Share(TL)	%
T.Garanti Bankası A.Ş.	44.046.670,89	55,40
Publicly held shares belonging to T.Garanti Bankası A.Ş.	21.018.964,18	26,44
T. İhracat Kredi Bankası A.Ş.	7.772.941,90	9,78
Other Publicly Held Shares	6.661.423,03	8,38
Toplam	79.500.000,00	100,00

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



Source: www.garanti.com.tr

Real and Corporate Identities that directly or indirectly own capital at Garanti Faktoring A.Ş.



Source : www.garantifactoring.com

Shareholder	Share (TL)	%
Şahenk Familyi (Effective indirect shares come through Doğuř Holding and Doğuř Ar-Ge companies)	15.767.554,06	19,83
BBVA (Banco Bilbao Vizcaya Argentaria S.A.)	16.272.206,28	20,47
Treasury of the Republic of Turkey	7.772.942,22	9,78
Other Publicly Held Shares	39.687.297,44	49,92
Total	79.500.000,00	100,00

Source: www.kap.gov.tr

Board of Directors

Name/Surname	Title	Executive/ Non Executive
Sait Ergun ÖZEN	Chairman	Non Executive
Turgay GÖNENSİN	Deputy Chairman	Executive
Osman Bahri TURGUT	Member	Non Executive
Aydın ŞENEL	Member	Non Executive
Manuel Pedro GALATAS SANCHES HARGUINDEY	Member	Non Executive
Luis Vincente GASCO TAMARIT	Member	Non Executive
Hasan Hulki KARA	Member / General Manager	Executive
Serhat YANIK	Independent Member	Non Executive
Ali ÇOŞKUN	Independent Member	Non Executive

Executives

Name/Surname	Title
Hasan Hulki KARA	CEO
Mert ERCAN	Vice President
İlkay ŞAHİN HAMURCU	Vice President
Erkan COPLUGİL	Vice President

COMMITTEES WITHIN THE BOARD

AUDIT COMMITTEE

Serhat YANIK
Ali ÇOŞKUN

CORPORATE GOVERNANCE COMMITTEE

Serhat YANIK
Osman Bahri TURGUT
Aydın ŞENEL
Şebnem DEDE

EARLY DETECTION OF RISK COMMITTEE

Serhat Yanık
Ali ÇOŞKUN

Balance Sheet Comparison of Certain Selected Items as at 1st

	2013/06 (000)	2014/06 (000)	Change %
Total Assets	1.677.702	2.243.527	33,73
Factoring Receivables	1.653.512	2.179.968	31,84
Paid in Capital	21.000	79.500	278,57
Equity	115.790	131.936	13,94

Source: www.garantifactoring.com.

Income Statement Comparison of Certain Items as 1st Half of the Last Two Years

	2013/06 (000)	2014/06 (000)	Change %
Factoring Income	68.353	88.617	29,65
Operating Expenses	16.946	18.584	9,67
Financial Expenses	37.059	67.952	83,36
Net Profit/Loss	10.779	11.870	10,12

Source: www.garantifactoring.com

The Bottom and Peak Closing Values of Company's Shares Traded on the BIST During Last Year

<i>Bottom</i>	<i>Peak</i>
1,47 (28.08.2013)	3,89 (30.04.2014)

Source: Garanti Faktoring A.Ş.

Brief History of the Company

The company was established in September 1990, with the title of "Aktif Finans Faktoring Hizmetleri A.Ş." It is one of Turkey's first factoring companies.

Initial Public Offering of company's shares took place on December 23, 1993.

It moved into Doğuş group as the majority of its shares were purchased by Doğuş Holding in 1996.

Corporate identity of its main shareholder, T. Garanti Bankası A.Ş., was reflected on the company and its name changed into Garanti Faktoring Hizmetleri A.Ş. in 2001. On 17.04.2014 the company name became Garanti Faktoring A.Ş.

Company operations include domestic factoring transactions, as well as international transactions in line with customer needs.

Information on operations

Garanti Faktoring was established on September 4th, 1990 as Aktif Finans Faktoring Hizmetleri A.Ş. to provide factoring services for industrial and commercial companies. According to the decision taken at the 2001 Ordinary General Assembly, which took place on March 27, 2002, its commercial title was changed as Garanti Faktoring Hizmetleri A.Ş and the company started to operate within Garanti group. On April 17, 2014 the title was changed as Garanti Faktoring A.Ş.

Having received authorization from Capital Make Board, the company completed initial public offering of its shares and became quoted at Borsa İstanbul ("BİST") in 1993. The company continues its operations within the framework of Capital Market Law, "Financial Hiring, Factoring and Finance Companies Law", issued on Official Gazette no 28496 and dated 13.12.2012 and "Law for Establishment and Operation of Financial Hiring, Factoring and Finance Companies" issued on Official Gazette no 28627 and dated 24.04.2013.

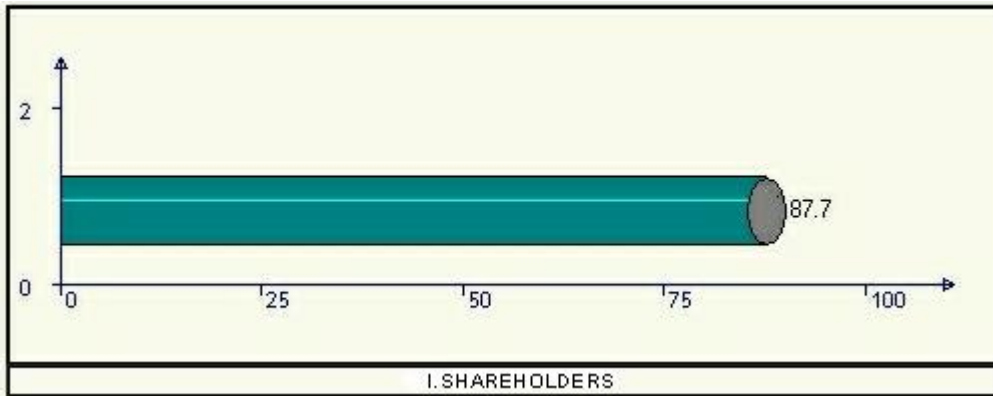
With a focus on trade and receivable finance, Garanti Faktoring provides full factoring service through financing, guarantee and collection solutions in international and domestic trade. 8.4 % of its shares are traded at BIST National Market, under the title of GARFA.

Garanti Faktoring conducts its domestic and international factoring transactions through a wide network, thanks to the synergy of Doğuş Group. Serving a wide customer base that includes SMEs, companies that are predominantly known as importers or exporters and organizations that have a wide supplier and vendor network, it successfully delivers factoring products and services to whole country.

Garanti Faktoring has 21 branches in Turkey's 14 provinces. Its paid in capital became TL 79,500,000 in 2013.

4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ Investor Relations Department Manager has the licences that are made obligatory by CMB.
- ✓ Relations with shareholders continue on a healthy basis.
- ✓ General Assemblies are held in accordance with regulations and main contract.
- ✓ Media is invited to General Assemblies.
- ✓ Dividend policy is updated and presented for the approval of the General Assembly.
- ✓ Donations and Aid policies are prepared and presented for the approval of the General Assembly.
- ✓ There are no regulations that make the use of voting rights difficult.
- ✓ Share purchase policy is updated in accordance with the new CMB Directive.
- * There are restrictions in transfer of shares.
- * There is privilege in voting right.
- ✓/* It would be appropriate to present the updated Share Purchase Policy for approval at the first general assembly.
- ✓/* It would be appropriate to add an item to the Main Contract, stating that general assemblies will be open to public.

- ✓/* It would be appropriate to add an item to the Main Contract, extending minority rights.

In this section, as stated CMB's Corporate Governance Principles, the company was evaluated on 115 different criteria, including **Facilitation of Shareholders' Rights**, shareholders' right to **Obtain and Review Information**, shareholders' right to **Attend the General Assembly**, shareholders' **Right to Vote**, **Rights of Minority Shareholders**, shareholders' **Right for Dividend** and shareholders' right to **Transfer Their Shares** to whomever they want, whenever they want. The company's grade for this section is **87.70** points.

a. Facilitation of the Shareholders' Rights

Investor Relations Unit is organized within General Accounting Department. General Accounting Department reports to Executive Vice President Mert ERCAN. The Department is headed by Serap ÇAKIR (Vice President). Şebnem DEDE (Investor Relations Department Manager) and Ümit YILDIZ (Manager) also work at the department.

Investor Relations Department Manager Şebnem DEDE has CMB Advanced Level License. Garanti Factoring, which is among BIST Third Group Companies according to

CMB Corporate Governance Directive no II.17-1, has fulfilled the obligation for its Investor Relations Director to have CMB license. The aforementioned employee was appointed as a member of Corporate Governance Committee on 30.06.2014.

It has been found that the employees working at Investor Relations Department have adequate qualifications in terms of knowledge and experience required for the task, that they play an effective role in protection and facilitation of shareholders' rights, the right to obtain and review information in particular.

Job description of Investor Relations Department has been made and it includes the duties stated at the 11/5 item of CMB Corporate Governance Directive No II-17.1.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate Internet website.

It is confirmed that the Company has achieved significant compliance with the principles in this subsection.

b. Right to Obtain and Review Information

The information required for the proper exercise of shareholders' rights are presented to the shareholders and to this end the company's web site (www.garantifactoring.com) is used efficiently.

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

It has been seen that inquiries of shareholders have been responded in the shortest time and sufficient care has been given for them to obtain and review information. As it is mentioned in the

Corporate Governance Principles Compliance Report, there were phone conversations with 13 shareholders and e – mail exchanges with 2 shareholders in 2013. 25 questions were answered. Three meetings have been organized with three corporate investment companies and analysts.

The “Disclosure Policies” appear on the website, explaining in detail the shareholders' right to get and review information under the afore mentioned policies.

There is no regulation and practice at shareholders' right to obtain and review information to be cancelled or constrained by the Articles and/or a decision by any corporate organ.

There are no regulations and practices for shareholders' to make difficult the right to appoint a special auditor in the general assembly. The statement, “The rights of shareholders in the appointment of special auditor in accordance with the regulation items is protected” has been added to the Articles at item 16, underlining the right of shareholders to demand special auditor.

It is confirmed that the Company has achieved significant compliance with the principles in this subsection.

c. Right to Attend the General Assembly

Due to the practices in the general assembly, **GARANTİ FAKTORİNG** has adjusted a good compliance with many principles hereunder.

The General Assembly meeting to discuss operations of 2013 took place on 17.04.2014; Its announcement was made on 24.03.2014

It has been found that financial tables, annual reports, audit reports and Board's dividend proposal, all of which should be ready for the review of shareholder according to item 437 of Turkish Commercial Law no 6102 and other announcements that partnership

should make in accordance with regulations and Corporate Governance Principles have been sent with shareholders three weeks before the General Assembly.

In order to increase the attendance of shareholders, to avoid inequalities among them and to keep their costs at minimum, general assemblies are held at the company's head office.

The document explaining the items of general assembly agenda was put on the corporate internet website simultaneously with the announcement of general assembly. It is also observed that the shareholders have been notified about total number of shares reflecting company's shareholder structure and voting rights as of the announcement date, as well as number of shares representing privileged shareholders and voting rights. On the corporate internet website, the shareholders have been informed - together with general assembly announcement - about possible candidates and reasons of change in the event of having the change of board members on the agenda.

It is also learned that the shareholders have been informed on demands for agenda items made by shareholders, CMB, other public institutions and or enterprises. The issues that were demanded in writing by shareholders to be on the agenda were taken into consideration by the board of directors.

When the agenda was being prepared, special care was given to express the items clearly in order not to cause different interpretations and to avoid using expressions like "other" or "various".

As a result of the review of general assembly minutes and attendance tables it has been learned that some of board members, company auditor, officers responsible for preparing financial tables and persons related to specific issues on the agenda were available at the meeting. Head of Audit Department of the company, which conducts

independent audit of Garanti Factoring has also attended the general assembly.

It has been found that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting. It has also been noted that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders have been able to express their opinions and ask questions under equal circumstances.

It has been seen that the chairman of the meeting let all the questions of shareholders to be answered, except those that are accepted as trade secret. All the questions and answers have been disclosed to public by being recorded at the minutes and annual reports.

Allowing majority shareholders, board members, managers with administrative responsibilities their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in commercial activities in the same business area with the company or its subsidiaries in their own name or on behalf of someone else or joining another company, who operates in the same business area, as unlimited partners was included in the general assembly agenda as an issue.

General Assembly was informed on company's asset, service and responsibility transfers on continuous basis and guarantees, pledges and mortgages in favor of third persons in accordance with CMB directive serial: IV, No:41. In another item, the general assembly was informed on amount of all aids and donations for that period.

Although the announcement document says that general assembly meetings are open to public including stakeholders and media, without right to address the meeting, there are no items in the Articles on this issue.

In this subsection the company has achieved a fairly good compliance with principles.

d. Voting Rights

Neither the Articles nor the internal procedures contain any difficulties to exercise the voting right and opportunity to exercise the voting right in the easiest and most convenient manner is given to each shareholder.

It is possible for the shareholders' to exercise their voting right in person or by proxies, whether member or not at the general assemblies, the members are submitted with the specimen proxies to be used for this purpose at firm's headquarters and on corporate internet website.

The company officials expressed that the voting method is arranged in the Articles and shareholders are also informed on the subject at the meetings.

GARANTI FACTORİNG doesn't have a subsidiary with mutual relationship which brings sovereignty.

However the fact that the board has the privilege of being chosen from among candidates put forward by (A) group shareholders has been evaluated as an area that needs improvement in order to have compliance with principles.

e. Minority Rights

There has not been any violation of exercise on minority shareholders' rights as attendance to the general meeting, representation by proxy, imposition of no upper limit for voting rights. In this manner it is found that care is given to the exercise of minority rights.

However, it would be appropriate to widen the scope of minority rights in the articles

and include arrangements to give the same rights to shareholders less than one twentieth of the capital.

f. Dividend Right

Pursuant to the criteria laid down by CMB "Dividend Directive" no II-19.1, issued by Official Gazette dated 23.01.2014, No: 28891, the Company has revised its Dividend Policy and it was approved by the shareholders at the general assembly on 17.04.2014.

It is ascertained that the policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods. It has been emphasized that this policy was prepared taking into consideration the delicate balance between the expectations of shareholders and the needs of the company.

The shareholders have been informed in the dividend policy that there are no privileges in the distribution of dividend and that existing shares will get dividends equally without the principle of per diem deduction.

It is also indicated in the same policy that in case of not distributing dividend proposed by the Board of Directors in the general assembly, its reason and information on the usage of undistributed profit will be presented to the shareholders in the general assembly and that this information will be shared with public through annual report and corporate internet website.

At the general assembly dated 17.04.2014, it was decided not to give dividend from the 2013 net profit of TL 15,302,260.99 and to add this amount to the equity. The shareholders were informed about the reason of this decision at the same general assembly.

There is no arrangement on dividend advance in company Articles.

In this subsection **GARANTİ FACTORİNG** has achieved a very good level compliance with the principles.

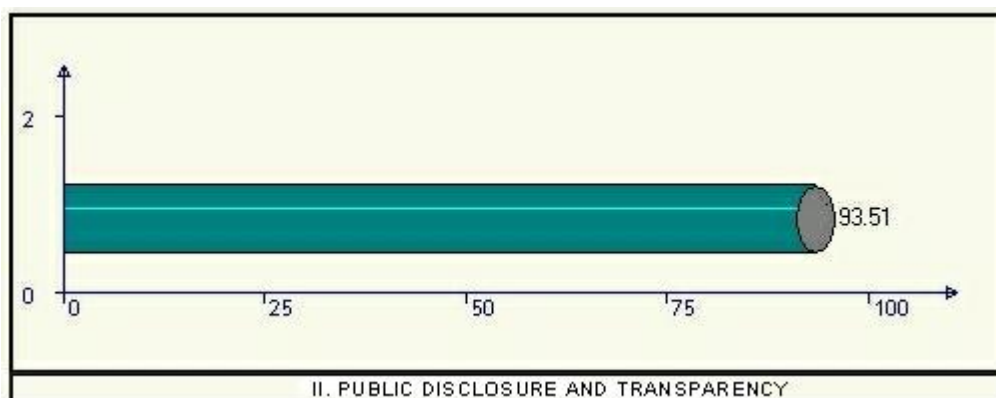
g. Transfer of Shares

According to item 7 of company Articles A and B group shares are issued for real names. As the shares apart from B group are not offered to public, if there is a shareholder who wants to transfer A Group shares, other shareholders with registered shares have the priority right to buy these shares at the current price and in ratio of their own shares. The shareowner who wants to transfer shares has to notify other shareholders, with registered shares, through notary. If there is no demand from shareholders within 1 month after the notification, the shares can be transferred to third persons with the permission of board.

The registered shares and traded in stock exchange are not included in this regulation.



B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Disclosure policies have been revised and announced to the public in electronic media.
- ✓ The corporate internet website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ The information and documents, required by principles to be on the corporate internet website, are broadcast based on last five years.
- ✓ Information in the website has also been prepared in English.
- ✓ Ultimate majority real person shareholders of the company are disclosed to public.
- ✓ The annual report is comprehensive and its content mostly reflects the principles.
- ✓/* It would be appropriate to present the updated Disclosure Policy for the approval of general assembly at the first meeting.

As for this section, the Company has been assessed by 88 different criteria under the headings of **Corporate Internet Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **93.51**.

GARANTI FACTORING, fulfils its public announcements under its Public Disclosures Policies developed by the board and shared with public.

The public disclosure policy contains what to be disclosed to public in addition to those required by the legislation, how, in what frequency and by which channels such data will be disclosed to public, the technique to be used to respond to questions directed to the company.

Principles about the disclosure of information intended for future is in the disclosure policy. In a case of disclosure to public, it has been observed that assumptions and hypothetical data are also disclosed, and information doesn't contain exaggerated predictions. Furthermore, it's in line with company's financial situation and annual reports.

Company's disclosure policy is revised and opened to the public according to SPK's Special Conditions Notification numbered II.15.1, which came into effect after published in Official Gazette no 28891, dated 23.01.2014. It would be appropriate for the updated policy to be presented to shareholders in the first general assembly for approval.

a. Corporate Internet Website

Company owned website (www.garantifactoring.com) is updated regularly and being used as an active and effective platform to enlighten the public. Information in company's website is consistent with the declarations made as a part of regulatory provisions and contains no missing information.

On the company's website, along with information bound to be disclosed by regulations, commercial registry info, the shareholding and management structure as of the latest situation, detailed information about privileged shares, dates and numbers of commercial registry newspapers where changes were published along with the final text of company's Articles of Association, special case declarations, financial reports, annual reports, agendas of general assembly meetings, the lists of attendees, the proceedings of the assemblies, the specimen Proxy, dividend policy, disclosure policy, remuneration policy, donation and aid policy, redemption of shares policy, ethical rules developed by the company, information requests, questions and notifications and answers given under frequently-asked questions title.

Shareholding structure were disclosed to the public, after eliminating indirect and mutual participation relationships, including names, share amounts, ratios and privileges of real person shareholders with more than 5 % of shares.

These information on the website are also being published in English for international investors to utilize.

In accordance with the capital market, regulations financial chart notifications were disclosed on Public Disclosure Platform in Turkish and English simultaneously. English text is summarized in a brief, correct, complete, direct, comprehensible and

sufficient manner and in consistency with the Turkish text.

In this subsection **GARANTİ FACTORİNG** has achieved a very good level compliance with the principles.

b. Annual Report

It is clear that board of directors has prepared the annual report about the company's activities in such a way that comprehensively provides complete and correct information. Annual reports of the last five years are being shared with the shareholders and the public on electronic media.

It is possible to reach many topics in the annual report, including;

Résumés and tenures of board members and senior managers,

Information about the sector that company operates in and about the its position within the sector,

Information about the company's financial resources, qualifications and amounts of its issued capital market tools,

Changes made on the articles of association during the period and their reasons,

Report on compliance to corporate governance principles,

Information on related party transactions and balances, which is obligatory to disclose according to the regulations and,

Independent audit reports.

In addition to topics quoted in regulations and other parts of corporate governance principles, annual reports include information on;

Board members' and managers' ongoing jobs outside the company,

Declarations of independent board members on their independence,

Members of subcommittees within the board of directors and meeting frequencies of these subcommittees,

Changes of regulations, which might significantly affect company operations,

Important law suits against the company and their possible conclusions,

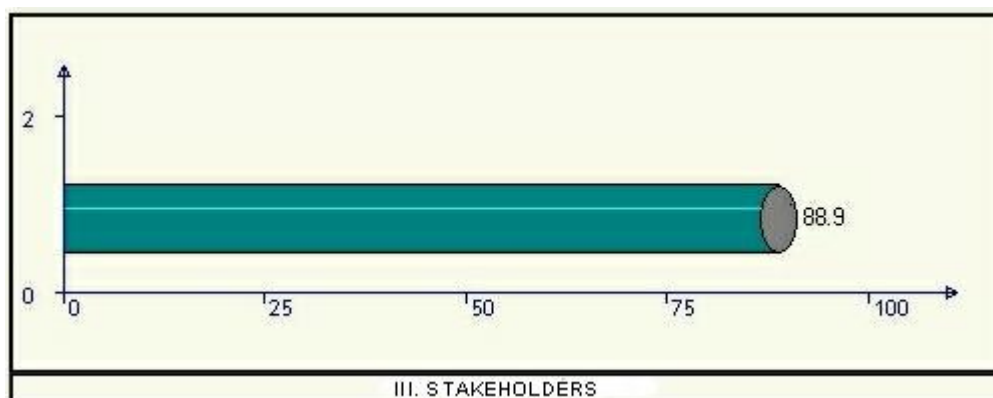
Social rights and professional training of employees, as well as other company activities that have social and environmental impacts and corporate social responsibility activities,

The need for permission by the general assembly for majority shareholders, board members, managers with administrative responsibilities their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in competitive commercial activities.

The fact that there were no information on company measures to prevent conflict of interest between the company and service suppliers in the fields like investment consultancy and rating is seen as an area of annual reports, which needs re – regulating.

In this subsection **GARANTİ FACTORİNG** has achieved a very good level compliance with the principles.

C. STAKEHOLDERS



Overview

- ✓ Ethical Rules have been formed and disclosed in electronic means.
- ✓ There are no regulations to complicate stakeholders' rights.
- ✓ Many subjects concerning employees, public institutions, customers and stakeholders, such as; human resources policies, customer information procedures on work flow, procedures on preventing criminal revenues are internally regulated.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There has been no complaint by employees about discrimination and using rights.
- ✓ There has been no complaint by employees about discrimination and using rights.
- ✓ Care is given to confidentiality of information about customers and suppliers on trade secret basis.
- ✗ There are no regulations in the Articles of Association supporting participation to management of employees and stakeholders.

As for this section, the Company has been assessed by 57 different criteria under the headings of **Company Policy Towards the Stakeholders, Encouraging Stakeholders'**

Participation in Company Management, Company Policy on Human Resources, Relations with the Customers and Suppliers, Ethical Rules and Social Responsibility as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **88.90**.

a. Corporate Policy in Relation to Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It is concluded that **GARANTI FACTORING** protects the stakeholders' rights specified in regulations and mutual agreements.

It is concluded that the company respects the stakeholders' right specified in regulations and mutual agreements. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It is observed that many internal regulations were prepared to this end.

Compensation Policy towards employees has been developed and disclosed to public via corporate website.

Stakeholders are adequately informed on company policies and procedures to protect their rights and company's corporate website (www.garantifactoring.com) is being actively used for this purpose. Necessary mechanisms have been formed for the stakeholders to transmit operations contrary to company's regulations and ethically improper to Corporate Governance and Audit Committees.

In this subsection **GARANTI FACTORING** has achieved a considerable level compliance with the principles.

b. Supporting Stakeholders' Participation in Company Management

There are no internal regulations supporting employees' participation to management. However, vision meetings with the participation of employees are being organized every year and the general manager makes a presentation. Through periodically organized regional, budgetary and performance interviews, as well as weekly active – passive meetings information on company's progress is shared, proposals are made and developments are followed. It is also expressed that employees' opinions and suggestions on many issues are received through company's intranet system.

c. Company Policy on Human Resources

Procedures on recruitment, working conditions, register files, disciplinary practices, power and commitment of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and education has been developed and it's been observed that the company sticks to these policies in practice. Both during development of the policies and practice we got the impression that equal opportunity is given to individuals under the equal conditions.

Recruitment and career planning procedures have been developed and tradition to comply with these procedures has been developed.

Performance and reward criteria have been established and disclosed to employees, in determination of benefits provided to employees the mentioned criteria is followed.

The company implements education programs to increase knowledge, capability and experience of the employees and prepares education policies.

6 "Coaching Program" were organized for 17 unit managers in 2013. Additionally, 8 different class training were given to 78 employees within the scope of "Portfolio Management Certificate Program". Follow up Workshops of the Strategic Management Program, organized specifically for a group of 26, comprising top management and managers, were also completed in 2013. More than 200 education program were organized under 54 different headings in class and workplace training in 2013. 22 different e – courses also took place in 2013. Additionally the employees attended 7 different conferences, seminaries, etc. in their line of work. 59 employees took Factoring Regulations training and all staff received e – course training on "Laundering Criminal Revenues and Prevention of Financing Terror". Within the scope of Occupational Health and Safety, 5 employees took first aid training, 11 employees took a course on extinguishing fire, 110 employees were trained on emergencies and ergonomics and 125 employees were trained on occupational health and safety in 2013. Garanti Factoring employees received a total of 8,415 hours in class and work place training in 2013. Average time for education per employee was 44 hours.

We have been informed that adequate information and opportunity for opinion exchanges are given to employees on subjects such as financial situation of the company, remuneration, career, education

and health through meetings. Within this scope it is expressed that an annual vision meeting is held once a year and opportunity for opinion exchange is provided at twice a year performance interviews and educational meetings. It is also expressed that all employees have easy access to HR officials to consult and give their opinions.

The company's organization chart has been formed according to working conditions and units and number and qualification of employees for these units have been developed with written internal regulations.

We reached the information that the employees are provided a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

The authorities declared that regulations for employees are updated where necessary and shared with the employees.

Employee stock-options schemes are not developed.

There is no restriction on the freedom of founding association after taking permission. Employees are not member of any trade-union.

In this subsection **GARANTİ FACTORİNG** has achieved a considerable level compliance with the principles.

d. Relations with Customers and Suppliers

Information and documents obtained from customers and suppliers during the activities are kept confidential within the scope of trade secret security, not to be reached by unrelated individuals. Contracts and invoices obtained from customers as documents are kept in the building of headquarters and Seyrantepe archives. The documents obtained from customers by facsimile are

monitored through DMS (Document Management System) and archived under credit reference. If it is deemed necessary, the e-mails from customers are registered into DMS and kept in the system. Use of DMS is subject to authorization. Authorized staff can monitor or enter information on the basis of a specific transaction reference. The company works to ensure information privacy in the electronic environment through DLP (Data Loss Prevention) Data Leak Monitoring System.

Applications about suppliers and outsourced services are prepared and their standards are determined.

In this subsection **GARANTİ FACTORİNG** has achieved a very good level compliance with the principles.

e. Ethical Rules and Social Responsibility

Business Ethical Rules required to be complied by all employees are laid down, which is approved by the Board and appears on the company website. Our impression is that activities are conducted within the framework of ethical rules that are disclosed to public.

The employees are informed on Factoring Sector Ethical Rules, as well as company ethical rules and this document is shared with public in electronic environment.

Although only a part of them are disclosed to public, on close examination it is seen that the ethical rules are very comprehensive and compliant with the principles. The company has made comprehensive arrangements in its ethical principles to fight all sorts of corruption including embezzlement and bribery. The sanctions to be taken against employees who violate ethical principles are written on work contracts.

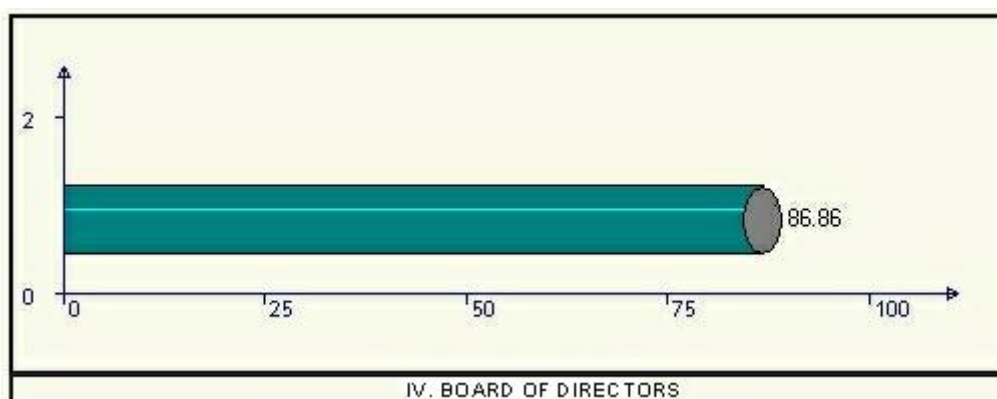
GARANTİ FACTORİNG is conscious of its social responsibilities in its commercial activities, alongside with profitability. It supports social and cultural activities and participates to

foundations and joint projects within the Group it operates. Within the scope of Bahçeşehir University CO-OP project, the 4th of which took place in 2013, company managers gave 27 hours of lectures in 9 weeks. Managers shared sectoral information with Bahçeşehir University students and helped them to experience the practical, field application of theoretical factoring information.

In this subsection **GARANTİ FACTORİNG** has achieved a very good level compliance with the principles.



D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires are determined by the Board of Directors.
- ✓ The posts of Chairman and CEO are carried out by separate individuals and there isn't any person with solely unlimited authority in the company.
- ✓ The number of Board Members is adequate for them to work productively and creatively.
- ✓ Majority of Board Members are non-executives.
- ✓ 2 of non-executive Board Members are independent members.
- ✓ Every Board Member has one vote.
- ✓ There isn't any loan/credit involvement between Board Members and company.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees stated in the principles have been established and working principles are determined.
- ✓ Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties have been made.
- ✗ No targeted ratio and policy have been prepared for woman members of the board, for a ratio no less than 25 %.
- ✗ There is no practice of self-criticism and performance evaluation for Board Members, both as board and as members.
- ✓/✗ The remuneration and other interests provided for managers with administrative responsibilities are not disclosed on personal basis in the annual report.

In this section, the Company has been assessed by 139 different criteria under the headings of **Function of the Board, Operating Principles of the Board, Structure of the Board, Mode of Board Meetings, Committees formed within the Board and Financial Benefits Provided to the Directors and the Top Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **86.86**.

a. The Function of the Board of Directors

By the strategic decisions it will take, the Board manages and represents the company keeping the risk, growth and return balance with paying attention to company's long term interest in particular under a reasonable and prudent risk management approach. In this sense, the Board has described the corporate strategic objectives, and determined the required human and financial resources.

The Board monitors company activities to be suitable to regulations, main articles, internal procedures and policies generated and audits management performance.

The Board is authorized to make decisions, to determine the strategy and represent the company at the highest level.

In this subsection **GARANTİ FACTORİNG** has achieved a high level compliance with the principles.

b. Operating Principles of the Board

GARANTİ FACTORİNG Board of Directors conducts its activities in an open, accountable, fair and responsible fashion.

The distribution of responsibilities among board members, duties and powers of members are disclosed to public in the annual report.

The Board has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on shareholders and stakeholders. It is found that the Board reviews at least once a year the effectiveness of risk management and internal control systems.

None of company's staff has the authority to decide solely and unrestrictive. Posts of Chairman of the Board and CEO are hold by

different individuals. Powers of the chairman of the board and general manager are separated and this separation is regulated in the Articles of Association.

We are in the opinion that the Board plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board is in close cooperation with the Shareholders' Relations Department.

Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties have been made. However it has not been disclosed on Public Disclosure Platform.

In this subsection **GARANTİ FACTORİNG** has achieved a rather good level of compliance with the principles.

c. The Structure of the Board

Company's Board is formed with 9 members, one being the Chairman. The requirement of at least 5 members to form the Board has been met and the number of Board Members found sufficient to serve effectively and constructively and to form and arrange organization of committees.

The Board comprises executive and non-executive directors, and the principle that majority of directors should be non-executive is respected. 2 (Two) of the directors are executives while the 7 (Seven) of them are non-executives. On the other hand 2 (Two) of non-executive directors are independent ones. It is confirmed that the independent members satisfy the independence criteria laid down by the Principles. Corporate Governance Committee (as Candidate Nomination Committee) has assessed the nominations for independent candidates, including the management and shareholders, according to whether the candidate has had

the criteria for being independent and sent its evaluation as a report for board's approval. The independent Directors have presented their written representations that they are independent under the legislation, the Articles and the criteria laid down by the Principles to the Board and these representations are disclosed to public on electronic environment, annual report and Corporate Governance Compliance Report.

There are no women directors in the Board. It will be appropriate for the company to determine a target ratio – no less than 25 % - , a deadline and policies to reach these targets and report progress on these targets annually to the Board.

In this subsection **GARANTİ FACTORİNG** has generally achieved compliance with the principles.

d. Mode of Board Meetings

The Board comes together frequent enough to implement its duties efficiently. Number of Board meetings, required majority to convene and to take decisions are written in the Articles of Association.

Mode of the Board meetings is made written in company internal regulations. In the "Working Principles and Procedures of the Board of Directors";

- Invitations to meetings and preparation procedures are defined,
- Distribution of responsibilities in the Board will be done at the first meeting after election,
 - The Board will convene when necessary and at least once a month,
 - Information and documents related on the topics of the agenda will be presented to the examination of members at least 7 (Seven) days prior the meeting,

- Each member is entitled with one voting right and there are no weighted voting rights or positive / negative veto right for members,

- The Board Members have the obligation to provide information to each other and managers have the obligation to provide information to the Board,

- The minutes of those important Board decisions that might have an impact on the value of CMB instruments will be put on the corporate website with priority,

- Company's all types of related party and third party transactions such as guaranties, pledges and mortgages considered important in terms of Corporate Governance Principles and implementation of mandatory Corporate Governance Principles regarding Capital Market Board regulations will be complied with,

And many more topics mentioned in the principles are decreed including acting in accordance with this regulation in practice.

Board members' jobs outside company are disclosed to the shareholders, by making the distinction between jobs within the group and outside the group, at the general assemblies where the election of these members are discussed.

It is found that board meetings take place regularly at least once a month, generally more than that. In 2013 board met 27 (twenty seven) times and as of 30.06.2014, there have been 10 (ten) board meetings.

There are no restrictions on board members' taking jobs outside the company. However it is seen that members take care to allocate the necessary time for company affairs.

In this subsection **GARANTİ FACTORİNG** has achieved a rather good level of compliance with the principles.

e. Committees Formed within the Board

In order for the Board to fulfil its duties and responsibilities soundly, Auditing Committee, Corporate Governance Committee and Early Detection of Risk Committees are formed. A separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee. Working rules of Corporate Governance Committees is determined accordingly.

Board of Directors determined the committee's duties, working principles and which members to be consist of in written documents, which were approved in the general assembly and disclosed to public via electronic means, as well as Public Disclosure Platform.

All members of the Audit Committee and minimum the Chairman of other committees are appointed from independent members. The General Manager has no assignment in any committee.

All sources and support are provided by the Board to ensure the committees perform their obligations.

Committees invite appropriate executives to their meetings to benefit from their opinions. All discussions in committees are recorded in writing.

Committees convene with the frequency deemed necessary for the efficiency of their work a declared in working principles. They submit the reports covering meetings and results to the board of directors.

The Audit Committee; monitors performance and effectiveness of company's accounting system, public disclosure of financial information, independent audit and internal control system. The selection of independent audit company and supervision of its work at every stage is implemented by the audit committee. The committee reassesses

company's processes and activities on subjects like accounting system, financial reporting, public disclosure, internal control and audit system, independent external audit, law, regulation and compliance with ethical principles. If it deems necessary, the committee makes suggestions to the board.

Internal Audit Unit operating in conjunction with the Board of Directors through Audit Committee, audits the effectiveness and performance of internal control and risk management systems within the scope of annual audit plan according to risk managements. On the other hand, it's explained by the officials that internal control mechanisms had been established for all levels of personnel to implement and follow in order to ensure that company activities are carried out in accordance with current legislation and within the framework determined by the Board of Directors and that the integrity and reliability of accounting and reporting systems are ensured.

The Audit Committee convened 8 (eight) times in 2013 and 4 (four) times in the first half of 2014. Important findings and results of periodic control activities conducted by Internal Audit Unit have been discussed in these meetings and resulting findings have been reported to the Board. Committee activities have been comprehensively disclosed to public in the annual report.

The Committee comprises 2 (members) and both members meet the principle of, "At least one of the members should have 5 years of experience in audit / accounting and finance."

Audit Committee comprises the following members:

Name/Surname	
Serhat YANIK	Member (Independent)
Ali ÇOŞKUN	Member (Independent)

Corporate Governance Committee; establishes whether the corporate governance principles are implemented in the Company, as well as the grounds for non-implementation, if applicable; conflicts of interest, if any, arising from failure to fully comply with these principles, and discloses to public through Corporate Governance Compliance Report.

The Committee consists of 4 (four) members. Its structure complies with the principle which requires that all of the members – if there are only two – or majority of members – if there are more than two – should consist of non-executive Board Directors. In accordance with CMB Corporate Governance Notification number II.17-1, Shareholder Relations Unit Manager Şebnem DEDE has been appointed as a member of Corporate Governance Committee by the decision of Board of Directors dated 30.06.2014.

Corporate Governance Committee convened 5 (five) times in 2013 and 3 (three) times as of 30.06.2014. It reported meeting results to the board. Committee activities and number of meetings have been disclosed to public in the annual report.

Corporate Governance Committee comprises the following members:

Name/Surname	
Serhat YANIK	Chairman (Independent)
Osman Bahri TURGUT	Member (Non - executive)
Aydın ŞENEL	Member (Non - executive)
Şebnem DEDE	Member (Shareholder Relations Unit Manager)

Early Detection of Risk Committee was established with the board decision dated 26.02.2014. The committee works for the early detection of the risks that may endanger the existence, development and sustainability of the company, implementing necessary

measures for the risks determined and managing the risk. It reviews the risk management system for minimum once a year. Working principles of the committee have been prepared and disclosed to public in electronic environment.

The committee has redefined the risks that might endanger the existence, progress and survival of the Company and made the prepared “Methods for Risk Management Strategy, Policy and Implementation” and internal arrangement. The arrangement was approved and put into effect at the board meeting dated 07.04.2014.

The Committee has prepared a report covering the period of 01.05.2014/30.06.2014 and presented it both to the Board and to the company auditor.

Early Detection of Risk Committee comprises the following members:

Name/Surname	
Serhat YANIK	Member (Independent))
Ali ÇOŞKUN	Member (Independent)

In this subsection the company has achieved rather good level of compliance with the Corporate Governance Principles of CMB.

f. Financial Benefits Provided to the Directors and the Top Executives

Guidelines on compensation of the Directors and top executives are written, approved by the general assembly and disclosed to public in the electronic environment.

It is observed that actions have been taken in compliance with the principle that the stock-options or payment plans based on the corporate performance are not used for remuneration of the independent directors. The emoluments of independent directors are sufficient to protect their independency.

It is found that the Company has not lent and extended loan to any Director or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

Remuneration and all other benefits provided to directors and top executives meets the latter part in the statement of “on personal basis or board and top executive basis” on the Corporate Governance Compliance Report format chapter 5.6, prepared by CMB, by making the separation between board and top executive. However it doesn’t meet the first part of that statement, i.e., “on personal basis”.

The issues below are determined as areas in need of improvement in this subsection;

There is no target ratio, deadline or policy for the ratio of women – no less than 25 % - in the board;

Despite the fact that the board is responsible for the achievement of publicly declared operational and financial performance targets of the company, there is no explanation in the annual report about whether the targets were achieved or not and the reasons are not laid down in case they have not been achieved;

The board doesn’t evaluate its performance or self criticize itself on personal basis or as a whole;

The practice of awarding or dismissing board members on the basis of their performance doesn’t exist.

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

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

GRADE	DEFINITIONS
<p style="text-align: center;">4-5,9</p>	<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, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<p style="text-align: center;">< 4</p>	<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 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 appear to be at a level that might cause the investor to incur material losses.</p>