



Corporate Governance Compliance Rating Report



Garanti Emeklilik ve Hayat A.Ş.

25th December 2020

Validity Period 25.12.2020-25.12.2021

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Emeklilik ve Hayat Anonim Şirketi, is compiled in accordance with the criteria stated in CMB's Corporate Governance Communiqué, 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 and Undersecretariat of Treasury's Communiqué on Corporate Governance Principles for Insurance, Reassurance and Private Pension companies dated 27.04.2011 and numbered number 2011/8.

The criteria, established for the unquoted companies, are organized separately as First Group, Second Group, Third Group companies, investment partnerships and unlisted companies, 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 74 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public, Independent Audit Report dated 30.01.2020, which is prepared by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and examinations and interviews 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).

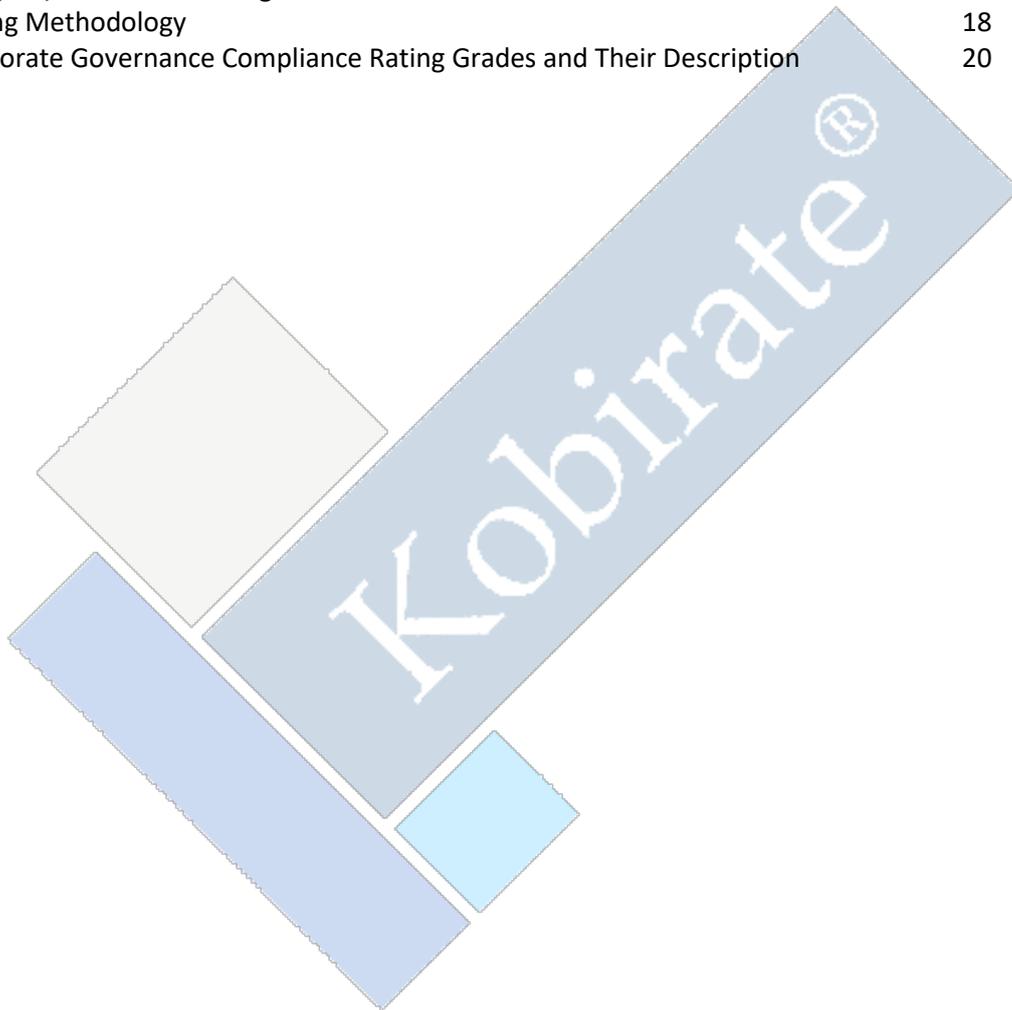
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose any kind of borrowing instrument. KOBIRATE 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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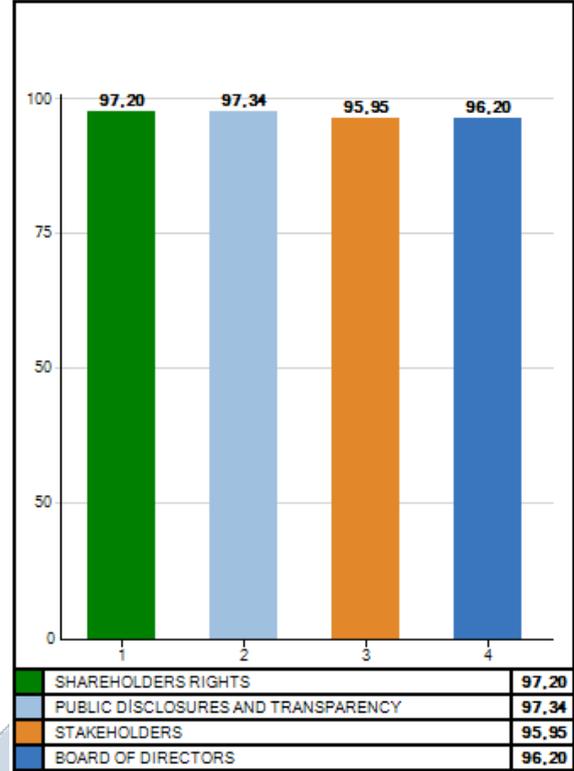


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1. EIGHT PERIOD REVISED RATING RESULTS AND REASONS FOR GRADES

The process of rating of compliance of **GARANTİ EMEKLİLİK VE HAYAT A.Ş.** with the Corporate Governance Principles is concluded through onsite examinations of the documents, interviews held with executives and persons involved, information open to public and by other detailed examinations.

The rating is based on the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S. for Companies outside BIST.

Methodology and the rating process have been prepared by taking into account CMB's Corporate Governance Communiqué No II-17.1, which was published on the Official Gazette dated 03.01.2014, numbered 28871, Treasury's Notification on Corporate Governance Principles in Insurance and Assurance companies and Pension Funds, published on 27.04.2011, numbered 2011 / 8.

The Company has been rated through 350 criteria described by the methodology of Kobirate A.S., developed for "Unquoted Companies".

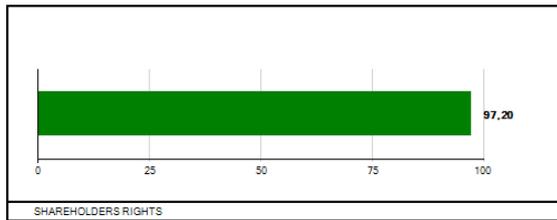
The rating has been conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors and the Corporate Governance Compliance Rating Grade of **Garanti Emeklilik ve Hayat A.Ş.** for the period between 25.12.2020 and 25.12.2021 has been revised as **9.67**.

This result signifies that the Company has achieved considerable compliance with CMB's Corporate Governance Principles. Possible risks for the company have been determined and are under control. Public disclosure activities and transparency are at a high level. Rights of shareholders and stakeholders are treated fairly. The structure and mode of operation of Board of Directors are in compliance with corporate governance principles.

In view of Garanti Emeklilik ve Hayat A.Ş.'s activities and compliance with Corporate Governance Principles within last year the facts that compliance with Corporate Governance Principles continued consistently with vigor; that employees, dealers, suppliers and all stakeholders have been informed about COVID-19 pandemic and basic precautions have been taken; that motivation of employees have been kept high and online communication has been established top management and employees, as well as among employees themselves in this period are main reasons for grade increase.

In view of rating process under main headings in brief;

SHAREHOLDERS



As described by Corporate Governance Principles of CMB, this section has been assessed for 93 different criteria under the headings of Facilitating Exercise of Shareholders Rights, Shareholders' Right to Obtain Information and to Examine, General Assembly, Voting Right, Minority Rights, Dividend Right and Transfer of Shares.

Company's grade in this section has been confirmed as **97.20**. The company has continued its very good level of compliance with the CMB Corporate Governance Principles in this section.

It has been determined that the Company has given necessary attention to ensure use of basic shareholder rights.

Necessary information is provided for shareholders and corporate website (www.garantibbvaemeklilik.com.tr) is used

efficiently in order to ensure healthy exercise of shareholder rights.

There are no policies that make it difficult for shareholders to request appointment of private auditor from the general assembly. The Company has not been privately audited in this period.

General Assembly meeting for activities of 2019 was held on 31.03.2020, at the head office, in accordance with the Articles of Association with 100 % participation of shareholders. During the rating period there has been no General Assembly decision that was not implemented.

After examination of General assembly meeting minutes, it was seen that agenda items have been voted separately, votes have been counted and result disclosed to shareholders before the meeting ended.

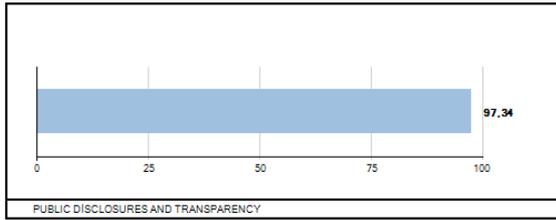
There are no regulations in Articles of Association or inner arrangements that make the use of voting rights difficult. Shareholders are provided with opportunity to use their voting right easily and properly.

There has not been any violation of exercise on minority shareholders' rights in terms of attendance to the general assembly, representation by proxy, imposition of no upper limit for voting rights.

There are no regulations in the Articles of Association that restrict transfer of shares. There are no policies making it difficult to transfer shares freely.

There are no provisions in the Articles of Association about in advance payment of dividend. There is no regulation in the Articles of Association about general assembly meetings' being open to public including stakeholders and media, without right to address the meeting. These two issues are areas in need of improvement in this section.

PUBLIC DISCLOSURE AND TRANSPARENCY



As described by Corporate Governance Principles of CMB, this section has been assessed for 74 different criteria under the headings of Corporate Website and Annual Report. **Company's** grade in this section has been confirmed as **97.34**.

Company's public disclosure and transparency activities continue with same sensitivity.

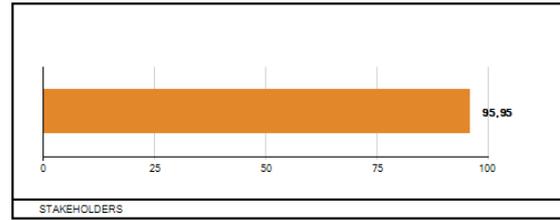
It has been seen that Company's corporate website www.garantibbvaemeklilik.com.tr and annual reports are used effectively as means for public disclosure in accordance with the criteria described by the principles.

It is possible to access current information required by the principles, as well as complete access to additional information required by Article 13 of Information on Insurance Contracts Regulation, which was published by the official gazette dated 28.10.2007, numbered 26684, at the corporate website. This has been deemed positive.

2019 independent audit has been conducted by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. There were no situations in the report – dated 29.01.2019 - that the auditor avoided expressing opinion, expressed conditional opinion or withheld signature. Company officials have told us that no developments took place between the Company and independent audit company and its auditors that might damage independence and that there has been no legal conflict.

The benefits provided for Board Members and top managers are not described on individual basis in Annual Reports. This is an area that needs improvement in this section.

STAKEHOLDERS



As described by Corporate Governance Principles of CMB, this section has been assessed for 57 different criteria under the headings of Company's Policy on Stakeholders, Supporting Participation of Stakeholders in Company Management, Human Resources Policy, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility. Company's grade in this section has been revised as **95.95**.

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

Stakeholders are adequately informed on Company policies and procedures to protect their rights. Company's Corporate Website is also used for this end.

There is no direct participation of stakeholders into management. However it has been learned that face to face meetings are organized with stakeholders to get their opinions in subjects that concern them.

It has also been learned that Employee Polls are conducted to have their opinions and action plans are made in line with poll results.

Procedures on working conditions, register files, disciplinary practices, power and responsibilities of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and training have been developed and Company has the tradition of sticking to these policies in practice. It has also been

determined that the Company carries out training programs to develop employees' knowledge and talents and training policies have been prepared.

Company's Ethics and Integrity Principles cover Garanti Bank's subsidiaries and affiliated companies. Company's Ethics and Integrity Principles, which have been put into operation in 2015, have been prepared with an exemplary integrated approach.

Garanti Emeklilik ve Hayat A.Ş. has determined its basic principles for corporate social responsibility activities and disclosed them to public through its website.

In addition to projects it carries out alone, the Company has been supporting the efforts undertaken by the Turkish National Committee for UNICEF to ensure that all children in Turkey and around the world can access development, health and education services, and have equal rights with their peers since 2017. With this support, Garanti BBVA Emeklilik contributes to long term projects that permanently change children's lives in addition to meeting their basic needs.

The Company has been supporting many activities of Community Volunteers Foundation through community volunteer youths since 2006. These activities include helping to repair school buildings in villages, coaching street urchins, helping kids with limited resources to prepare for LGS and YKS exams, teaching reading and writing at Youth Service Centers and providing computer trainings.

Garanti BBVA Emeklilik supports Mobile Healthcare Services project in collaboration with Ayhan Şahenk Foundation. Within the scope of this project, services in "Eye Health", "General Medicine" and "Pediatrics" are provided with specially designed mobile units all over Turkey. These services focus on

children and people without social security or with limited money resources.

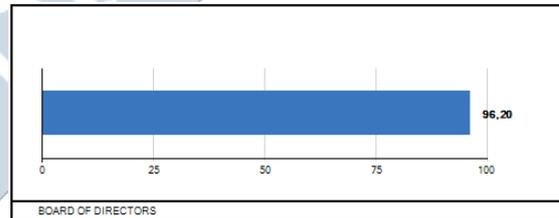
Company's Social Responsibility projects are conducted on a continuous basis.

In July 2015, Garanti Emeklilik voluntarily signed and committed itself to United Nations Global Compact (UNGC) Agreement, which is an international corporate responsibility approach that requires commitment to and internalization of 10 universal Principles, including human rights, on all aspects of sustainability by companies in their business cycles and strategies.

The Company has determined its Principles for sustainability activities and policies and disclosed them to public.

The Company has achieved significant compliance with Corporate Governance Principles in this section.

BOARD OF DIRECTORS



As described by Corporate Governance Principles of CMB, this section has been assessed for 126 different criteria under the headings of Function of the Board, Principles of Activity of the Board, Structure of the Board, Procedure of Board Meetings, Committees formed within the Structure of the Board and Financial Rights Provided for the Members of the Board and Executives. **Company's** grade in this section has been **revised as 96.20**. In this section the company has achieved compliance with the CMB Corporate Governance Principles to a significant extent.

The Board of Directors has described corporate strategic objectives and disclosed them to public. The positions of Chairman of the Board and General Manager are held by

separate individuals. The Board comprises 9 (nine) persons. There are 1 (one) executive and 8 (eight) non – executive members.

The Board of Directors comprises all non – executive members, except the General Manager, there are three women members - making the ratio 33%- in the Board and all committees that the Board is required to establish by corporate governance principles are active and reporting. These have all been deemed positive.

The Board has established inner control systems including risk management and information systems and processes that will minimize the impacts of risks, which may affect Company's stakeholders, starting with shareholders. It has been learned that the Board is in the process of reviewing the efficiency of internal control systems and risk management.

It has been seen that the Board of Directors convenes in an appropriate frequency and the meetings take place in accordance with relevant laws and regulations, as well as the Articles of Association. Attendance figures and numbers of decisions are disclosed in the annual report.

Nobody in the company has unlimited authority to make decisions alone. The positions of Chairman of the Board and General Manager are held by separate individuals.

Manager Liability Insurance against defects of Board Members and top level managers in the course of carrying out their duties has been made by MAPFRE for the period between 20.03.2020 and 20.03.2021, meeting conditions of relevant Communiqué. The insurance policy is renewed every year.

According to a document given by Company's Legal Department on 24.11.2020, there are no law suits against members of Board because of Company transactions.

It has been observed that the Audit, Corporate Governance, Early Risk Detection and Remuneration committees, specified by the Principles, have been established and their working principles prepared as written documents.

It has been learned that the Company did not give any debts or credits to a Board member or an executive or did not let them to use personal credit through a third party or did not provide any guarantees on their behalf.

Separating Powers of Board Chairman and CEO / General Manager neatly and to express this separation in Articles of Association in writing and increasing number of Women Board Members are reasons for grade increase in this section.

Increasing the efficiency of Board committees is seen as the area in need of improvement for this section.

2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

a. Company Profile



Company Name	: Garanti Emeklilik ve Hayat A.Ş.
Company Address	: Mete Cad. No:30 34437 Taksim İSTANBUL
Company Phone	: (0212) 334 70 00
Company Facsimile	: (0212) 334 63 00
E-Mail	: MusteriHizmetleri@garantibbvaemeklilik.com.tr
Company Website	: www.garantibbvaemeklilik.com.tr
Date of Incorporation	: 1992
Registered Number	: 288647
Paid in Capital	: 500.000.000.-TL
Line of Business	: Preparing contracts for private pension and life insurance, operating in related areas.
Company's Sector	: Insurance and Private Pension
Supervisory Authority	: Capital Market Board (CMB); Insurance, Private Pensions, Regulatory and Supervisory Board (SEDDK)

Company's Representative in Charge of Rating:

Ahmet KARAMAN

Assistant General Manager

ahmetkaram@garantibbvaemeklilik.com.tr

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Short History of the Company

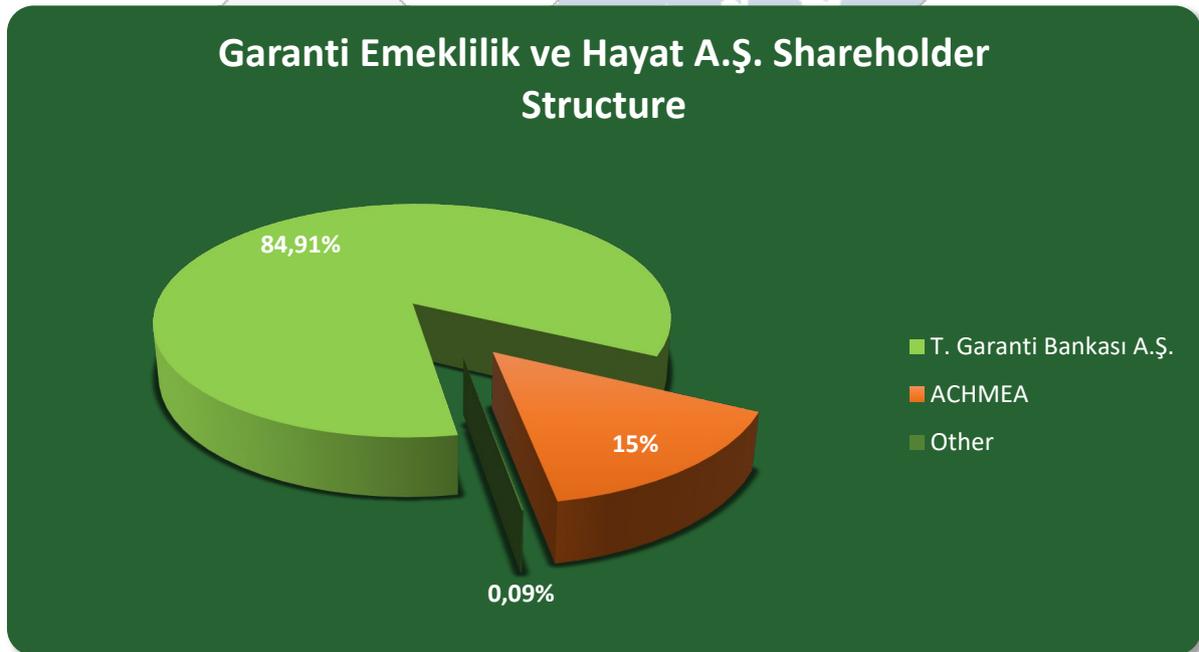
The company was established as “AGF Garanti Hayat Sigorta Anonim Şirketi” in July 24th 1992, with an initial capital of TL 10.000. In May 18, 1999, Company’s title was changed as “Garanti Hayat Sigorta Anonim Şirketi”.

The application of the company, dated 14.11.2002, to transform itself from a life insurance company into a pension company, in accordance with the 2nd item of temporary article 1 of Law number 4632 on Private Pension Saving and Investment System, printed on Official Gazette dated 07.04.2001 and numbered 4366, was accepted with the approval of Undersecretary of Treasury on 18.12.2002. Consequently, company’s title was first changed as “Garanti Emeklilik Anonim Şirketi” as it was called in Turkish Trade Registry Gazette, dated 15.01.2003 and then as “**Garanti Emeklilik ve Hayat Anonim Şirketi**”, as it was called in Turkish Trade Registry Gazette, dated 25.03.2014.

Commercial aim of the company is to prepare contracts for private pension and life insurance and to operate in related areas. In accordance with its Articles of Association, the Company has been active personal accident branch since July 1st, 2006.

Thanks to the synergy created through collaboration with its main shareholder Garanti Bank, the company became one of the pioneers in the sector in a very short span of time. It provides services through 12 regional directorate, 743 employees and about 886 Garanti Bank branches as of 30.11.2020.

Shareholder Structure (As of report date)



Source: www.garantibbvaemeklilik.com.tr

Shareholder Name	Share(TL)	Share (%)
T. Garanti Bankası A.Ş.	424.566.290	84,91
ACHMEA B.V.	75.000.000	15,00
Other (Eureko Sigorta A.Ş.)	433.710	0,09
Total	500.000.000	100,00

MAIN SHAREHOLDERS OF THE COMPANY

GARANTİBBVA

Founded in 1946 in Ankara, Garanti Bank is Turkey's second biggest private bank as of September 30, 2020 with its consolidated asset size of over TRY 525 billion. It has been continuing its activities under the brand of "**Garanti BBVA**" since June 2019.

Garanti Bank is active in all segments of banking including corporate, commercial, SME, private and investment banking, payment systems. It is an integrated financial services group with its international subsidiaries in Netherlands and Romania, alongside with its subsidiaries in life insurance and private pensions, financial leasing, factoring, investment and portfolio management.

As of September 30, 2019, Garanti Bank meets financial needs of its more than 18.5 million customers through an extensive distribution network including 886 branches in Turkey, eight branches (seven in Cyprus and one in Malta) and two offices abroad (Dusseldorf and Shanghai) and 18,612 employees. The Bank also provides an uninterrupted, integrated multichannel distribution network, comprising 5,234 ATM's, mobile, internet and social banking platforms and an award winning call center with latest technology.

Main shareholder of Garanti Bank is Banco Bilbao Vizcaya Argentaria S.A. (BBVA), with 49.85 % of shares. Garanti Bank's Shares are listed in Turkey; its depository certificates in Britain and USA. Its free float rate in BIST is 50.07 % as of 25.11.2020.

Source: www.garantibbva.com.tr

ACHMEA

With an experience of 200 years, Achmea is a leading international insurance group. One of world's largest insurance companies, Netherlands based Achmea provides financially accessible and comprehensible products and services for its customers with over 18,000 employees in 7 countries.

Achmea is active in all areas and distribution channels of insurance business. It is preferred by every one person out of two in its domestic market, Netherlands. Achmea is the second biggest insurance company in Greece and has strong market positions in Turkey, Slovakia, Ireland and Romania. Company's gross signed premium production is EUR 20 billion and its total equity reaches EUR 9.7 billion. Active in non-life insurance, Eureko Sigorta is Achmea's member in Turkey. Thanks to its strong collaboration with Garanti BBVA, Eureko Sigorta is the leader of bank insurance in Turkey.

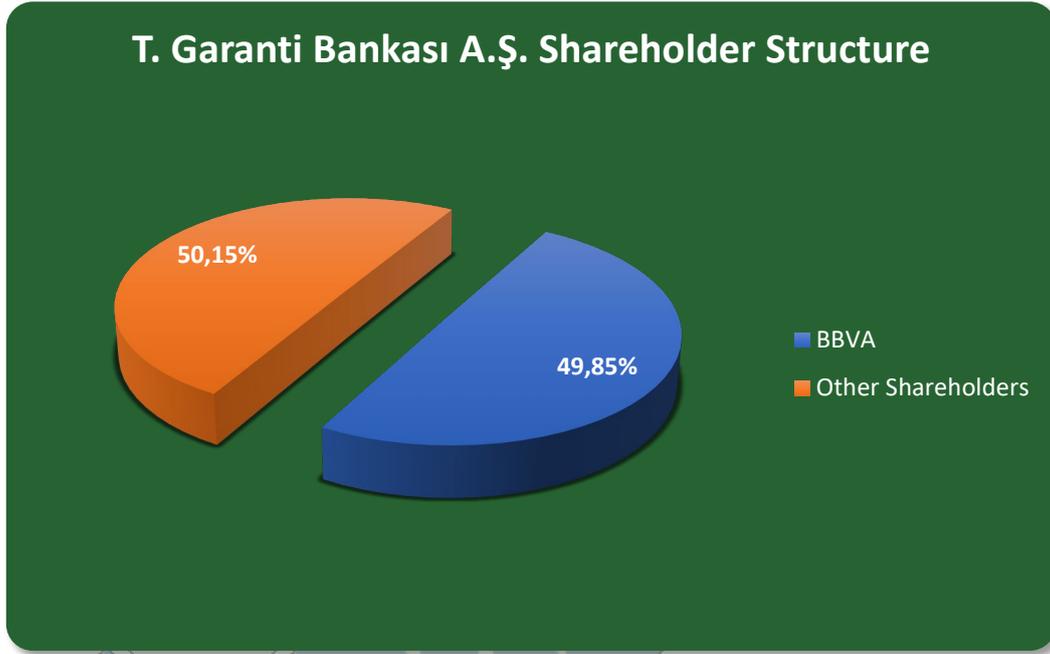
Achmea signed a partnership agreement with Turkey - based Garanti Bank in March 2007 named Eureko B.V. With this agreement, Achmea has purchased 80% of Garanti Sigorta's non-life insurance activities and 15% of Garanti Emeklilik's life and pension insurance business. Transfer of shares have started in 2007 with the signing of deal and completed in May 2011. As it is envisioned in the first agreement, Achmea has purchased 20% of Eureko Sigorta from Garanti Bank and became Owner of all Eureko Sigorta shares.

Source: www.garantibbvaemeklilik.com.tr

Shareholder Structure of Garanti Bankası A.Ş. (Main Shareholder)

Shareholder Name	Share	Share (%)
BBVA (BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)	2.093.700.000.00	49,85
OTHER SHAREHOLDERS	2.106.300.000.00	50,15
GENERAL TOTAL	4.200.000.000,00	100

Source: www.garantibbva.com.tr



Source: www.garantibbva.com.tr

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Recep BAŞTUĞ	Chairman of Board of Directors	Non - Executive
Işıl AKDEMİR EVLİOĞLU	Deputy Chairman of Board of Dir.	Non - Executive
Maria de la Paloma Piqeras HERNANDEZ	Member of Board of Directors	Non - Executive
Bianca TETTEROO	Member of Board of Directors	Non - Executive
Aydın GÜLER	Member of Board of Directors	Non - Executive
M. Cüneyt SEZGİN	Member of Board of Directors	Non - Executive
Cemal ONARAN	Member of Board of Directors	Non - Executive
Mahmut AKTEN	Member of Board of Directors	Non - Executive
Burak Ali GÖÇER	Member of Board of Directors and General Manager	Executive

Board of Directors held 14 meetings and took 30 decisions in 2019. 10 of these meetings were held with attendance of 8 members, 4 meetings with 7 members and 16 meetings with 6 members.

Changes in the Board of Directors during the rating period are described in the subsection titled Changes in Organization. Board held 18 meetings as of November 2020.

COMMITTEES FORMED WITHIN THE BOARD

CORPORATE GOVERNANCE COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

Company's Corporate Governance Committee was established in 2011 in accordance with the communiqué on corporate governance principles in insurance company, reinsurance company and pension company, published by Treasury. Its duty is to conduct activities in order to ensure compliance with the Principles, make recommendations to the Board of Directors on this subject and monitor Company's compliance with the principles. Committee held 2 meetings in 2019 and 2020 with attendance of all members.

AUDIT COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

Audit Committee currently comprises two non-executive Board Members. The Committee held four meetings with full attendance of members in 2019.

REMUNERATION COMMITTEE

Name Surname	
Recep BAŞTUĞ	Member (Non - Executive)
Işıl AKDEMİR EVLİOĞLU	Member (Non - Executive)

Remuneration Committee was founded in 2013 and it reports directly to Board of Directors. It held four meetings in 2019.

EARLY DETECTION OF RISK COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

The Committee currently comprises two non-executive Board Members. Early Detection of Risk Committee held two meetings with attendance of all members in 2019. It convened once in 2020. A second meeting is planned in December.

Top Management

Name / Surname	Title
Burak Ali GÖÇER	General Manager
K. Çağlayan BAKAÇHAN	Assistant General Manager (Legal Affairs, Human Resources, Purchasing and Administrative Affairs, Customer Services and Call Center, Operations, Product Development, Regulations & Actueria and Compliance)
Ahmet KARAMAN	Assistant General Manager (Fund Management and Collection, Budget and Management Reporting and Financial Affairs)
Eda SEVKAR	Assistant General Manager (Private, Corporate and Central Sales)

Balance-Sheet Comparison of Company's Certain Selected Items from two periods

	2018/12	2019/12	Change %
Current Assets	14.851.002.513	20.027.063.136	34,85
Non –Current Assets	61.285.617	72.530.824	18,35
Total Assets	14.912.288.130	20.099.593.960	34,79
Short Term Liabilities	13.682.089.314	18.249.440.132	33,38
Long Term Liabilities	343.294.060	505.319.473	47,20
Equity	886.904.756	1.344.834.355	51,63
Total Liabilities	14.912.288.130	20.099.593.960	34,79

Source: Garanti Emeklilik ve Hayat A.Ş. 2019 Annual Report

Comparison of Profit / Loss Statement for Company's Certain Selected Items from two periods

	2018/12	2019/12	Change %
General Technical Department Balance	337.217.643	418.686.076	24,16
Investment Revenue	291.081.786	231.946.053	-20,32
Investment Expenses	(43.177.497)	(49.939.133)	15,66
Net Profit/Loss	453.556.792	454.553.435	0,22

Source: Garanti Emeklilik ve Hayat A.Ş. 2019 Annual Report

Summary Financial Information of the Company for Last Three Years *

Financial Indicators	2017 (000TL)	2018 (000TL)	2019 (000 TL)
BES Fund Size	11.950.399	13.309.050	17.793.619
Technical Provisions	409.379	467.622	668.605
Paid in Capital	53.084	53.084	53.084
Equity	1.633.866	886.905	1.344.834
Total Assets	14.255.341	14.912.288	20.099.594
Life Insurance Premium Production (net)	449.673	444.878	774.296
Technical Income Expense Balance	278.542	337.218	418.686
Non - Technical Income Expense Balance	128.586	248.938	169.159
Profit / Loss Before Tax	407.128	586.156	587.845
Net Profit	320.655	453.557	454.553
Av. Return on Assets (%)	2,50	3,04	2,65
Av. Return on Equity (%)	21,80	40,13	40,83

Company's Private Pension Information for Last Three Years *

PENSION	2017/12	2018/12	2019/12
Pension Fund Size Mio TL	10.247.51	11.129.82	14.538.06
Market Share (%)	15,1	14,5	14,3
Number of Participants	1.196.397	1.150.560	1.105.191
Market Share in Number of Participants (%)	17,3	16,7	16,1
Total Pension Contribution Share Mio TL	7.907.08	8.458.57	9.664.05
Market Share in Total Pension Contribution Share	15	14,5	14,2

*Source: 31.12.2019 PMC data

Total assets of Garanti Emeklilik ve Hayat increased by 34.85 % and exceeded TRY 20 billion in 2019. At the end of 2019, its equity went up to the level of TRY 1,344 million. As of 2020/9, its assets increased by 24.7% in comparison to yearend 2019. due to dividend payment for shareholders. A major part of Garanti Emeklilik ve Hayat's profit comes from technical profits, which the Company earns in life insurance and private pension sectors. The Company increased its net profit after tax by 0.22%, reaching the level of TRY 454.5 million in 2019 in comparison to the previous year.

Garanti BBVA Emeklilik managed to increase its financial power in 2019. It made TRY 247 million technical profit in life insurances and TRY 230 million profit in pensions in 2019. Garanti Emeklilik ve Hayat A.Ş. has been the most profitable company of the sector in pension technical profit for the last 5 years.

Information on Company Activities

The Company conducts its activities within the framework of Insurance Law No 5684 (“Insurance Law”), which was published by the Official Gazette dated 14 June 2007 and numbered 26552, Private Pension Saving and Investment System Law No 4632 (Private Pension Law”), which was published by the Official Gazette dated 7 April 2001 and numbered 4366, and changed by the Law No 6327 as of 1 January 2013, as well as other regulations. As of 30 September 2017, the Company signs policies / contracts in the branches of Life, Accident and Pensions.

With the implementation of regulation introduced by Law No 4632, which states that no more than 40% of pension investment fund’s total net assets can be managed by same portfolio management company, GarantiBBVA Emeklilik chose three new portfolio management companies to manage its funds and started to work with them in 2018. The Company has continued its successful portfolio management performance in this period and transferred back most of its fund management to Garanti BBVA Portfolio Management in 2019 with the end of this regulation.

According to data from Pension Monitoring Center, Garanti Emeklilik’s fund volume was **TRY 18,420.16 million** as of **29.11.2020**. On the same date, Company’s total Government Contribution Funds volume was at the level of **TRY 3,176 million**. According to data from Pension Monitoring Center, there are **1,116,968** participants of Company’s pension plans.

Data from Pension Monitoring Center shows that as of **29.11.2020**, Garanti Emeklilik is the **second** Company in the market with a market share of **16.18 %** in terms of number of participants. In terms of fund volume (without government contribution funds), it has the **5th** place with a market share of **13.80%**.

Garanti Emeklilik ve Hayat A.Ş. was among the first four companies in Automatic Participation (AP) in terms of number of employees and fund size of employees as of 29.11.2020. Size of sector’s total AP funds reached TRY 8,194.4 million at the end of 2019. Participants put TRY 3,015.6 million in funds with interest and TRY 5,178.8 million in funds without interest. In terms of number of contracts that are put into implementation Garanti BBVA Emeklilik is number one Company in the market with a share of 15.1%. 3.3 million of contracts in the sector belong to Garanti BBVA Emeklilik.

Sector growth in life insurance premium production faced difficulties in 2019 due to different factors and it was difficult to predict. Interests in personal loans, which make up 80% of premium production in the sector, increased up to the level of 2.85% and caused a serious shrinkage in volume. Life insurance sector has also been affected by this change. Garanti BBVA Emeklilik increased its total production by 73 % at the end of 2019 in comparison to the yearend 2018 and reached the level of TRY 838 million in total life insurance premium production.

Changes within Last Year:

i. **Changes in Articles of Association**

Following changes in the Articles of Association have been made within our rating period (27.12.2019-27.12.2020); these changes were approved at the Ordinary General Assembly meeting on 30.03.2020 and put into implementation.

- 1- Company Capital, which is described in Article 7 of Articles of Association will be increased to TRY 500 million from TRY 50 million, by getting necessary permissions from Treasury and Finance Ministry and Ministry of Commerce.
- 2- Duties and powers of Board of Directors and General Manager will be separately described in Article 15 of Articles of Association.
- 3- Article 23 of Articles of Association will be re-arranged on the subject of Company's net profit and its distribution.
- 4- It has been decided to apply Articles 509, 519, 523 and other relevant articles of Turkish Commercial Code on the subject of separation of Provisions, described in Article 24 of Articles of Association.

Dates of previous changes in Articles of Association and latest version of Articles of Association are disclosed to public through corporate website.

ii. Dividend Distribution

Company's dividend distribution process takes place as the Board prepares a dividend distribution proposal (in accordance with Turkish Commercial Code, Tax Regulations and Articles of Association) and presents it for the approval of General Assembly. General Assembly discusses whether or not it will be distributed and how and when it will be distributed and makes a decision. All disclosures are made in legally required time lines.

At the General Assembly meeting convened on 30.03.2020 to discuss 2019 activities, it was decided to distribute TRY 700 million of distributable profit to shareholders in proportion to their shares, according to Article 9 of the meeting.

iii. Policies and Internal Arrangements

During our rating period, Anti-Corruption Policy - one of Garanti Emeklilik ve Hayat A.Ş.'s Policies and internal arrangements – have been updated and put into implementation with Board meeting dated 24.09.2020, no 570.

iv. Management and Organization

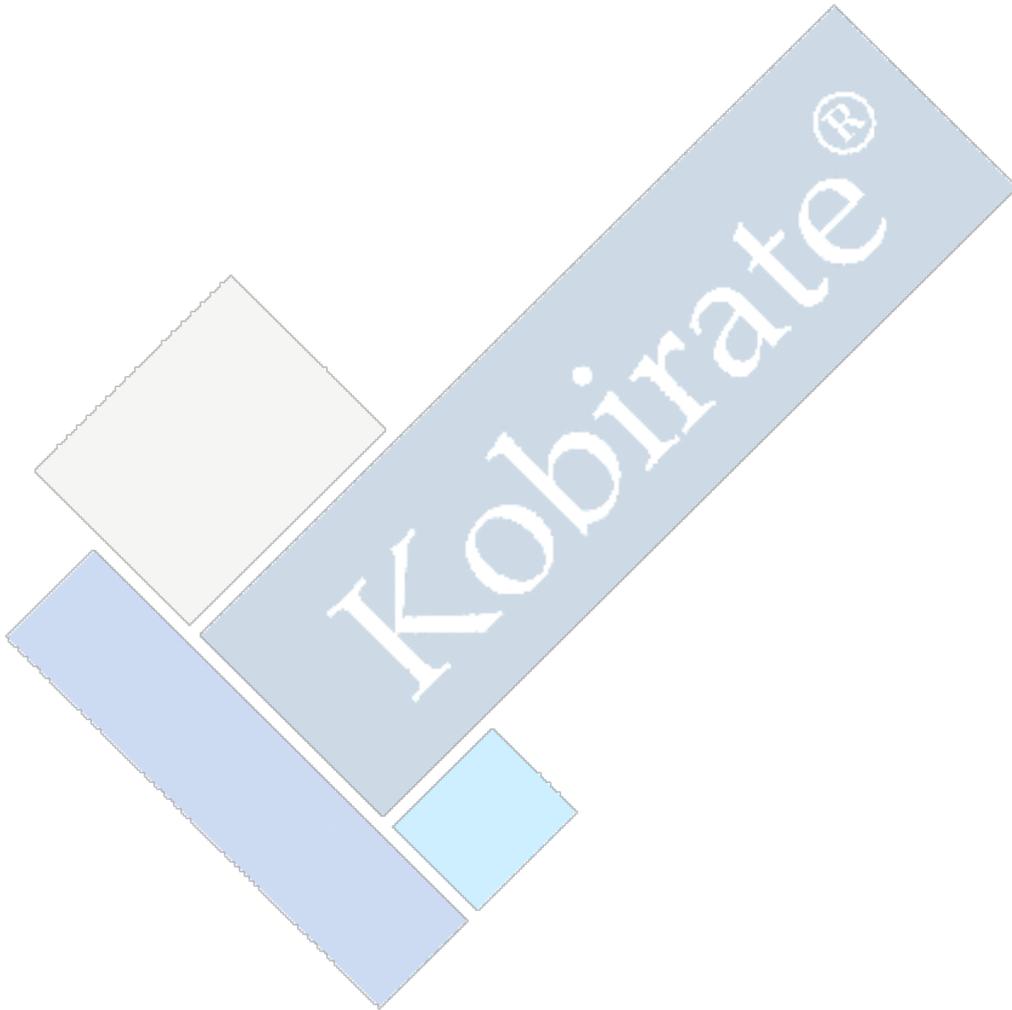
Organizational changes during our rating period are described below.

At the Board of Directors meeting dated 17.03.2020, No 563 it was decided to determine number of regional directorates as 12 and number of Assistant General Managers as 3. It was also decided to update the name of Customer Services and Call Center Department as Customer Services and Communications Center. At the Board of Directors meeting dated 24.09.2020, No 5570 it was decided to update the name of Human Resources, Purchasing and Administrative Affairs Department as Human Resources Department and to update the name of Corporate Communications, Customer Experience and Digital Marketing Department as Digital Channel Management and Customer Experience Department. It was decided to put new changes on the organizational scheme.

v. Other

Company's capital is TRY 500,000,000. And it is divided into 50,000,000,000 shares, each of which is worth 1 Krs. Previous capital, which was TRY 50,000,000 was fully paid and increasing capital amount of TRY 450,000,000 was paid from Extraordinary Reserve Funds Account, which is among Company's internal resources. These amounts are recorded in Kuzey Yeminli Mali Müşavirlik Ve Bağımsız Denetim

A.Ş.'s Determination of Internal Resources that can be Added to Capital report dated 24.02.2020, No: YMM 1281-322/4868-23. In return for total TRY 450,000,000, shareholders were given free of charge share in proportion to their shares. There is no privilege for shares that represent Company's capital. The Company has no subsidiaries and affiliated companies. The capital group that has direct or indirect control over Company's capital is Garanti Bank Group with a share of 84.91%. Another capital group with a significant influence over Company management is Holand based Achmea with a share of 15.00%. Controlling groups did not change during our period of rating.



3. 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, **350** different criteria are considered to measure the compliance of Unquoted Companies with the corporate governance principles.

Such criteria are translated into the Kobirate A.Ş.'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, which required adding new questions into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements of CMB issued good corporate governance principles – bringing 85 % of full points at most – will be included in the rating grade.

The 2014/2 revised corporate governance compliance rating methodology, created by our company, is restricted if 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. In this case all criteria are restricted to 85 % of the full points that the related criterion would get in that subsection. As the company applies and internalizes the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

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.

4. 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 recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
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
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, 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>
< 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 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>

