

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# FINANCIAL HEALTH

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TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# Financial Health

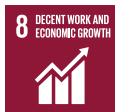
 7,307  37 min  12  customer

Related Material Topics	Value Drivers	Indicators	2019	2020
<b>#3 BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b>  <b>#11 FINANCIAL HEALTH AND ADVICE</b>	OFFER OUR CUSTOMERS SOLUTIONS AND SUGGESTIONS THAT CATER TO THEIR NEEDS SO AS TO HELP THEM ATTAIN THEIR GOALS	New and updated products, services and channels that aim to support the customers in terms of managing their financials	5	5
	FINANCIAL ADVISORY TO OUR CUSTOMERS TO HELP THEM MAKE THE RIGHT/HEALTHY FINANCIAL DECISIONS	Customers informed about their financial positions	85%	92%
		Disabled-friendly Garanti BBVA ATMs	5,214	5,276
	DELIVER AN EXCELLENT CUSTOMER EXPERIENCE BY PLACING THE CUSTOMERS AT THE CENTER OF ALL OUR ACTIVITIES	Customers that started using saving products	943,541	898,212
		Products or services that are changed and developed through customer feedback	40	27
	BUILD LONG-LASTING RELATIONSHIPS WITH CUSTOMERS AND BE THEIR TRUSTED PARTNER	Individual Net Promoter Score* (Ranking)	#2	#2
		SME Net Promoter Score* (Ranking)	#4	#1
		Net TCR Score **	41%	63%
		Target customers surveyed	9%	10%
		Feedback received	1,068,000	1,296,702
	Decrease in customer complaints (%)	22%	0.5%	
	Proactive actions taken against potential situations likely to cause customer dissatisfaction	18	6	

\* Net Promoter Score research is conducted by independent research agency Ipsos for Garanti BBVA. According to the research results, Garanti BBVA has the 2nd highest Net Promoter Score among retail customers representing its own profile and the highest one among SME customers, in both cases compared to its competition, which includes İşbank, Akbank, Yapı Kredi Bank, and QNB Finansbank. Research was conducted between October 2020 and December 2020. Main bank customers, who have communicated with the banks over the last 3 months, were surveyed using online panel and telephone techniques by quota sampling.

\*\* Net TCR (Transparent, Clear and Responsible Banking) Score measures whether the information which bank provides is complete and clear. It is calculated like Net Promoter Score.

Contributed  
Sustainable  
Development Goals



Moving forward with its value 'Customer comes first', Garanti BBVA shapes its products and services around the customer positioned at the heart of its operations. Underlining the customer-centric approach of Garanti BBVA, this value identifies empathizing with the customer as the top priority of employees, describes the necessity to disclose all kinds of information when responding to customer needs within the frame of responsible business principles, and calls for a result-oriented approach. When serving their customers, Garanti BBVA employees go beyond meeting their needs and offer solutions that amaze the clients.

As one of its strategic priorities, 'Financial Health' for Garanti BBVA means offering its customers solutions and suggestions that cater to their needs so as to help them attain their goals, financial advisory to help them make the right/healthy financial decisions, delivering an excellent customer experience by placing its customers at the center of all its activities and building long-lasting relationships with its customers and be their trusted partner.

In order to measure the performance in terms of fulfillment of customer expectations and to reveal improvement areas, Garanti BBVA conducts Net Promoter Score (NPS) studies and after-service questionnaires with customers receiving service from branches, Customer Contact Center, Customer Experience Support Team and digital channels.

One of the main design principles of Garanti BBVA is to be able to offer to customers the financial solutions that can be easily performed anytime, anywhere. To this end, Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions, and user experience is kept in the focal point in relation to new products to be launched.

With its responsible banking approach, Garanti BBVA discloses advantages and possible risks of products and services. In this context, the Bank communicates with its customers transparently in all sales and marketing activities, and provides

all the information they need in a clear and easy to understand way. The Bank offers feasible solutions and aims to build long-term and sustainable relations that are built on trust.

While offering solutions catering to the needs of its SME customers, Garanti BBVA also continues to offer advisory to help them make sound financial decisions. The Bank keeps them informed about the developments in their respective sectors and other matters that have implications for their business lives and supports their growth.

Making proposals that are aligned with customer needs in order to help them make healthy financial decisions, Garanti BBVA offers suggestion systems that help customers make the best financial decisions which are backed by smart solutions integrated with new generation payment technologies.

Garanti BBVA will continue to broaden the proposals designed to improve customers' financial health and offer suggestions and solutions to help them easily manage their daily financial lives and reach their life goals.

Garanti BBVA's consistent performance in customer experience relies on four key competencies that it embraced in the execution of its strategy: Customer Understanding Capacity, Design Philosophy adopted, Empathetic Culture espoused by each member of the organization and advanced Measurement Systems allowing constant self-control.

## 1 - CUSTOMER UNDERSTANDING CAPACITY

COVID-19 that deeply impacted our lives reshaped our banking habits, financial needs and expectations from financial institutions. New variables of the pandemic such as infection anxiety, socially distanced relationships and economic uncertainty continue to modify consumer behavior.

Adapting its insight generation studies to the current conditions, Garanti BBVA conducted new monitoring and deep understanding initiatives. The resulting customer insights were combined with internal data, which the Bank

used to closely monitor the evolved customer behavior, needs and sentiments in this period. In 2020, the Bank contacted nearly one million customers and received their feedbacks concerning their needs and expectations during the pandemic, whether they are content with the measures adopted at branches, along with brand perception and their journeys. The Bank upgraded its services by taking into consideration approximately 2,147 opinions of employees in relation to customer experience, which have been conveyed through the Ask/Share platform.

All insights that become a part of Garanti BBVA's corporate intellectual capital have been regularly utilized by employees also in 2020. The design teams, in particular, made use of customers' and employees' opinions throughout the entire process from problem identification to solution generation.

## 2 - DESIGN PHILOSOPHY

The design philosophy of Garanti BBVA is built on designing the experience at all moments and channels of contact, i.e. the entire journey, from the perspective and standpoint of customers end-to-end. The 'Customer Journey' methodology adopted by the Bank has become a powerful tool in creating consistent, seamless and supportive experiences for customers.

Customer behaviors and needs that changed with the pandemic, coupled with the priority to protect public health, made it even more critical to reconstruct the experience in physical channels in a manner to protect customer and employee health, and to enable completion of every possible step of the journey through digital channels. Garanti BBVA captured its design philosophy centered around standing by the customers at every step in real life by implementing the necessary health-related precautions at branches and ATMs, steering the customers to digital channels at every possible moment of contact, publishing guiding content about the topic, offering advantages such as period-specific limits, no-fee transactions and the like as well as variety for digital functions.

## 3 - EMPATHETIC CULTURE

In 2020, people's need for empathy and compassion has been greater than ever before. With the transition of almost all of the employees to permanent or rotating work-from-home order within a very short period of time opened the door to a new and totally unfamiliar world. New routines, new responsibilities, creating a new order, communicating not face-to-face but through remote access have been challenging. Garanti BBVA employees worked very hard to maintain the human touch, in addition to offering the fundamental services uninterruptedly throughout this extraordinary period. Ensuring continued communication with customers, checking on their health and well-being, and standing by them by providing financial support through this difficult period became the main goals.

## 4 - MEASUREMENT SYSTEMS

Based on the priority to help protect public health, Garanti BBVA suspended all of its face-to-face measurement studies and turned to digital solutions during the pandemic for continued measurement of its performance in fulfilling customer needs and expectations.

- 93% of customers who came to and were serviced at branches between April and December stated that they were content with the measures implemented against the pandemic and with the service furnished.
- 75% of customers commented that the information and guidance provided in this period were satisfactory.
- About 30% of customers stated that their banking habits changed after the Coronavirus outbreak. While one out of every 4 customers had expressed this comment at the start of the pandemic, this ratio became one out of every 3 customers in the following months. 70% of the customers who stated that their habits have changed said they began using digital channels more, whereas 53% said they decreased their branch visits.\*
- The number of complaints by the Bank's 1,000 active customers kept falling down in 2020. There was a decrease by 0.5% as compared with the previous year.

The positive outcomes of efforts carried out based on the four key competencies mentioned above and aimed at continuously leveraging customer experience were reflected in various indicators also this year:

- For the sixth consecutive year, Garanti BBVA was named the Best Retail Bank in Turkey in 2020 for its innovative services and products by the World Finance Magazine, one of the world's eminent business and finance magazines.
- The Bank was given the Best Retail Bank in Europe award for the third time by the European CEO Magazine published in Europe.
- The Retail Banking Family acting with its ever-adaptable dynamic structure and with the "customer comes first" principle was named the Best Brand of the Decade in retail banking in Europe by the World Finance.
- As a result of the assessment based on various criteria including product diversity and market share by Global Finance in the "Best Treasury and Cash Management Banks" category, Garanti BBVA once again earned the "Best Cash Management Bank in Turkey" title in 2020, after claiming the same title for three consecutive years in 2016, 2017 and 2018, for its broad product range covering, mainly, supply chain, collections and payment solutions.

## WHAT WE DID IN 2020

In an effort to better understand and follow up the evolving customer needs and expectations, in-depth interviews with customers from diverse segments, regular questionnaires with active customers, and regular surveys monitoring the economic assessments of metropolitan customers were conducted in 2020. Net Promoter Score (NPS) studies were conducted with customers in the Retail, SME, and Commercial segments, Digital Channel and credit card users in order to measure the performance of Garanti BBVA in terms of fulfillment of customer expectations and to reveal improvement areas. With the same purpose, after-service surveys were carried on with customers receiving service from branches, Customer Contact Center, Customer Experience Support Team and digital

channels. Advertising research measuring the performances of advertisements, brand surveys measuring the brand's share on the minds, and corporate reputation surveys measuring the reputation of the organization were among other regular surveys conducted. In addition, the annual music and basketball sponsorship surveys were carried out, which measure the effects of sponsorships.

Garanti BBVA finished the year second in Net Promoter Score study among retail customers in 2020 within the context of its focus on disciplined and sustainable growth and competitive priorities. Notwithstanding, having remained adhered to its seamless and high quality service principle in line with its "customer comes first" principle also during this trying year, the Bank was assigned a good score by customers in this respect, as stated in the Measurement Systems section. Among the SME customers, on the other hand, Garanti BBVA has been the most recommended bank in the sector. Taking utmost care to stand by its customers and to maintain continuous contact, the Bank was rewarded for its efforts.

Conducted regularly to prevent recurrence of customer dissatisfaction, root cause analyses continued, this time also incorporating the variables stemming from the pandemic. Actions taken in this context served to preclude 4% of situations giving rise to customer dissatisfaction in 2020. The circumstances surrounding the pandemic also took their toll on the actions that could be taken proactively; thanks to six actions taken in 2020, potential situations likely to cause customer dissatisfaction were also prevented.

Garanti BBVA adopted regular precautions to make the working environments healthier during the pandemic. Frequency of cleaning cycles was increased and necessary hygienic measures were taken. The entire branch network was disinfected within a central plan. Delivery of gloves, masks and hand disinfectants to branch employees continued regularly. Transparent separators were fitted on employee desks in branches, and customers were invited inside the branches one by one. These steps helped maintain the social distance between employees and customers.

\* Results from the After-Service Survey conducted by independent research company Ipsos on behalf of Garanti BBVA in the April-December period.

While Garanti BBVA strongly urged its customers to use digital channels and contactless transactions on one side, it also worked to rapidly improve its capabilities on digital channels. The Bank backed this quick-moving transformation process via its employees, brief videos and other contents serving as a guide, and also with its compensation policy. In the same vein, daily cash withdrawal limits from ATMs were increased and cash withdrawal from other banks' ATMs became free-of-charge.

Digitalization protocols were reviewed, and actions were taken for swift and smooth digital onboarding of customers contacting physical channels. Non-digital customers were guided to the "get password" step via voice instructions or ATMs at the most suitable step of the journey, and their digitalization processes were followed up. Non-users of credit cards were able to create password via video call or NFC technology. On another note, guides were prepared to digitalize the newly-acquired and existing customers with a coherent experience in branches. These guides were designed to introduce new customers to the mobile app from the first moment of the relationship.

Besides upgrading its existing capabilities, the Bank introduced innovative solutions to customers with the goal of perfecting the customer experience delivered on digital channels. Apps offering the best customer experience in their respective fields were taken as model and integrated in design processes in order to enable practicability and fast transaction flows.

One of the main design principles of Garanti BBVA is to be able to offer to customers the financial solutions that can be easily performed any time, anywhere. To this end, Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions, and user experience is kept in the focal point in relation to new products to be launched. Some upgrades that were implemented along this line include the following:

- Garanti BBVA Mobile app home pages were redesigned in a simpler and usable format; usability problems were solved.
- Transactions that would compel a customer visit to the

branch during the pandemic were identified and digitalized. These steps can now be easily carried out through digital channels with such technological means as NFC, video call, etc. In addition, the "Do It Digitally" page explains how transactions are performed on digital channels to first-time digital customers.

- WhatsApp chatbot and UGI experience was improved to respond to identified needs more quickly, and provided users with the means to easily find the answers they need.
- Now able to communicate also in writing, UGI, the smart assistant of Garanti BBVA Mobile, can better understand customers thanks to its broadened transaction set and the new AI solution.
- To enable contactless transacting for customers, the QR transactions set was expanded with credit card debt payment and credit installment payment in addition to the Withdraw Money with QR and Deposit Money with QR transactions.
- The branch leg of the customer acquisition process was improved and redesigned. In parallel, the flow allowing the customers to self-initiate mobile onboarding was introduced, which digitalized and facilitated the customer acquisition process.
- Additionally, transaction flows were simplified and redesigned with functions incorporating data-driven developments in order to facilitate the most frequent transactions Garanti BBVA customers come to the branch for. Customer steering suggestions were incorporated in branch flows to raise awareness of transactions that customers can perform digitally.
- Thanks to its advanced infrastructure, Garanti BBVA quickly adapted the money transfer without an IBAN or account number when the TR ID No., Foreigner ID No., Passport No., Tax ID No. or E-mail Address is defined on the relevant account through Easy Addressing System to its mobile channel.

Timely and clear information provision about each new measure adopted has become more critical in this period. Best efforts were spent to provide timely and adequate information and guidance on all channels including the website, texting, branch monitors, etc.

Certainly, one of the greatest worries of customers in this period was suffering loss of income and defaulting on their debts. Garanti BBVA closely monitored and contacted the customers disclosing their need for financial support in the Bank's regular surveys, and strove to offer the best financial solution. While the regulatory framework governing credit and credit card debts in this period helped ease the financial stress, Garanti BBVA mobilized all of its teams to rapidly implement the necessary arrangements.

In 2020, Garanti BBVA continued with its initiatives that facilitate access to service from branches and Garanti BBVA ATMs for customers with disabilities, and that contribute to their physical and financial freedom through Disabled-Friendly Banking. Garanti BBVA is delighted that over 10 thousand employees completed the web-based Sign Language training to provide better service to disabled customers. In 2020, Garanti BBVA served through 5,276 disabled-friendly Garanti BBVA ATMs.

In the years ahead, the Bank will keep offering services that enhance the access of unbanked and underbanked people to financial services, through a variety of solutions such as expanding the disabled-friendly Garanti BBVA ATM and branch network.

Supporting primarily customers wishing to find solutions to their problems via branches, the smart platform "Empathy Assistant" began supporting the employees to accommodate the circumstances stemming from the pandemic. Helping the employees reach current versions of the practices that frequently changed due to the pandemic, the platform extended support for the solution of more than 49,000 issues despite the reduced number of branch visits. The platform offers service to employees with more than 120 topics in its content.

Actions were taken in complaint handling, which take into consideration the effects of the pandemic. Accordingly, improvements were made on channels to enable first-contact resolution of issues by customers. Resolutions for most frequent customer feedbacks were added to channels. These solutions were kept up-to-date in keeping with the changing

circumstances of the pandemic, thus minimizing their implications for customers. Upon the start of the pandemic, customers increasingly tended to convey their complaints through government agencies. As some customers chose the BRSA as a channel to convey their complaints, the number of complaints and demands received through this channel increased by more than five times as compared with the previous year. The collaborative efforts of a team dedicated to complaints received via government agencies and all related teams within the Bank allowed handling customer demands and complaints as quickly as possible. Within the frame of complaint handling digitalization, customers began communicating their complaints, suggestions and appreciation through Garanti BBVA Internet Branch starting from October. Besides communicating their feedbacks through this channel, customers can also view the status of their existing complaints and past feedbacks.

Regular meeting series launched in 2020 were intended to eliminate the disadvantages emanating from physical distance and to ensure continued communication and information flow among all employees and teams.

Garanti BBVA's initiatives that help its customers manage their personal finances are as follows:

➔ Garanti BBVA has been the first bank from Turkey to join Global Payment Innovation (GPI) launched in 2017 by SWIFT, and made available Outbound Tracking on Garanti BBVA Internet Banking for SWIFT transfers to domestic and overseas banks. In 2020, it has become the first bank across the world to complete the integration of SWIFT GPI Pre-Validation, the new service developed by SWIFT for international money transfers.

➔ In addition to Outbound Tracking and SWIFT GPI Pre-Validation, Garanti BBVA has been one of the first banks in the world to offer Inbound Tracking Service in December, whereby initially SWIFT-member institutions will be able to track the SWIFT payments from domestic and overseas banks from the moment the funds leave the originating bank. Garanti BBVA customers will soon be able to access this service through Internet Banking or API (Application Programming Interface),

which will be a significant contributor to cash flow management.

- Garanti BBVA joined FAST (Instant and Continuous Transfer of Funds), a system operating on the Central Bank of the Republic of Turkey (CBRT) infrastructure allowing money transfers as an instant transaction at any hour of the day on weekdays and weekends, which is an additional option to the Bank's existing money transfer systems.
- Along with the FAST System, the Easy Address system was also launched, which enables replacement of the IBAN used in money transfers with a mobile phone number, email, TR ID/Tax ID number or passport number. Customers can match their personal data with their IBAN via Garanti BBVA Mobile, and can send and receive money by sharing that information only.
- Corporate customers working with several banks are now able to add their accounts with other banks to Garanti BBVA Internet and easily access and view on One Screen their account balances and movements through Garanti BBVA Internet.
- The discounting transaction volume with Supplier Finance product increased by 48%, which contributed to short-term working capital needs of customers.
- To alleviate the negative impact of the pandemic upon economic life and to support customers financially in this period, actions were taken to postpone Overdraft Account principal amount risk payments of customers working on the Direct Debit System infrastructure.

## PRODUCTS AND SERVICES FOR CUSTOMERS' FINANCIAL HEALTH AND INCLUSION

With its responsible banking approach, Garanti BBVA discloses advantages and possible risks of products and services. In this context, the Bank communicates with its customers transparently in all sales and marketing activities, and provides all the information they need in a clear and easy to understand way. The Bank offers feasible solutions and aims to build long-term and sustainable relations that are built on trust.

## WHAT WE DID IN 2020

Garanti BBVA carries on with its initiatives in relation to Financial Health, one of its key strategic intents. The target audience of the Financial Health Project launched in 2019 on Garanti BBVA Mobile as part of its financial advisory project conducted for this purpose grew by four times in 2020. The Smart Transactions service, designed to let customers fulfill their daily financial obligations, is intended to let users perform their everyday banking transactions more easily and gain awareness with respect to their money management. Within the scope of Smart Transactions, customers are able to better manage their time and keep their money under control using the "Regular Deposit Order" rule. "Spend and Save" rule lets them save up a given portion of their spendings incurred with a credit card without spending effort for it. With the "Regular Gold Saver" rule, customers can save up the quantity of gold they wish every month regularly from their credit cards or checking accounts. "Pay Bill" rule allows automated payment of frequently paid bills and easy tracking of bills without allocating time to do it. Garanti BBVA keeps working to add new functions to Smart Transactions.

Going beyond banking products and services, Garanti BBVA also has initiatives underway for its corporate customers, in order to give advice to support the betterment of its customers' financial health, and to warn them in case of an issue. Custom-tailored insight and action plans are intended to be presented by analyzing customers' behaviors and financials. The Bank increases the services that can be offered to corporate customers by the day. For example corporate customers are automatically notified when the current exchange rate reaches a level set by them, allowing them to quickly adapt to changing market conditions.

Also in 2020, Garanti BBVA framed all communications according to the principles of "Transparent, Clear and Responsible Banking". In this context, customer communications such as contracts, forms and informative messages became even more important during the pandemic. The Bank took extra care to establish clear and easy to understand communication with its customers regarding the new measures and practices implemented within the scope of the pandemic. Various



methods were employed for giving information, including emails, SMS, push notifications, social media and the website. The precautions taken in branches were announced on branch gates and monitors. Thus, the Bank was able to maintain a high 78% satisfaction rate with the communication regarding COVID-19 in April and May, which were the busiest months in terms of the intensity of the pandemic-driven changes. The Bank kept designing "Product Summary Pages" that summarize products and services in a clearer and more intelligible manner and support the customers with their decision making, and added the bank overdraft account product to the set of available summary documents.

The Bank attaches importance to going to the customer at the right time with the right offer, and to establish optimum contact with them when doing so. Accordingly, the Bank developed a new platform whereby alignment of the existing infrastructure with the Customer Communication Policy will be rendered systemic and automated. The platform is intended to centrally manage quantity and consistency checks before contacting customers.

2020 has been a year of extremely high volatility of physical assets, besides the financial markets, owing to the effect of the pandemic. As a result, Garanti BBVA observed that its customers' need for its financial advisory was greatest than ever before. The Bank spent intensive efforts to inform the customers about the right investment instruments, and maintained continuous communication. The number of digital transaction sets was increased, thereby enabling customers to satisfy many investment and borrowing needs without a branch visit.

Garanti BBVA led the sector by being the first bank during the pandemic to implement debt postponement on all channels, i.e., branch, mobile, internet, call center, and applied more affordable interest rates during the deferment. The Bank offered the single-click debt deferral function on digital channels to its customers wishing to avoid branches due to the pandemic. In this way, customers were able to postpone their debts without going to a branch or calling the call center. In addition, the Bank increased the customers' transaction limits

on alternative channels, and supported them by cancelling out numerous commissions and fees.

The Bank exercised the same care and attention for its employees as it did for its customers, and made the necessary arrangements for working-from-home order in the quickest way possible. Since all employees already had tablets configured for mobile working, the Bank was able to realize this conversion very quickly, and thus has been the first bank in the sector to send its employees home. Employees continued to offer portfolio service by phone from their homes. The Bank covered the customers serviced by portfolios that were unable to work for a variety of reasons in this process under the remote service model named "My Banker" and carried on with uninterrupted financial advisory service.

Through all these efforts, Garanti BBVA strove to avert possible losses of its customers and extended them the necessary support to capitalize on investment opportunities fitting their financial profiles. Displaying an example of great devotion, rotating branch teams made sure that customer service was not interrupted on any channel.

Garanti BBVA delivers most of the retail products through a completely multi-channel experience. This is best exemplified with the general purpose loan. While customers can apply for a general purpose loan from a branch, the same application can be completed digitally, and can be approved by the customer contact center which has an end-to-end smooth experience in credit documents.

Furthermore, using the Quick Loan function, customers can learn their credit limit within seconds simply by entering their TR ID number and instantly use the amount from out of their allocated credit line. This function can be used not only by Garanti BBVA customers, but by anyone. Thus, they can find the answer to the question "How much can I borrow?" in a very short period of time.

To make life easier also for business owners, salary agreement process was digitalized. Fast and practical solutions were offered

for salary agreement and salary payments of tradespeople who are having a hard time due to the pandemic.

In 2020, satisfaction of pension customers has been a top priority for Garanti BBVA. All customer needs were fulfilled through mobile and customer contact center to protect customers' health, particularly during the pandemic, and to enhance their satisfaction.

In line with this strategy, Garanti BBVA succeeded in becoming the fastest-growing private bank in terms of the number of pension customers in 2020.

Garanti BBVA, in 2020, strongly fulfilled the financial advisory service needed by its customers, and introduced various instruments for their financial investments, thus expanding its deposit customers pool. In doing that, the Bank employed the best channel to contact the customers in an effort to maximize customer satisfaction. Besides the regular ones, several deposit products were the favorites of customers, as they were in 2019: "Inflation-Indexed Deposit Products" providing above-inflation returns at all times, "Multi-Currency Deposit" allowing transition between various currencies during the term, and "Interim Interest Payments", a long-term account that makes interim advance payments on the interest income.

In addition, the Bank launched new options on Garanti BBVA Mobile to back its customers wishing to save up: "Spend and Save", an accumulating deposit account allowing customers to save up an amount that suits their budget from their credit cards which at the same time offers daily interest income; "Regular Gold Saver" that enables saving up gold monthly, and "Regular Deposit Order" that automatically transfers money to time deposit accounts.

With the increased use of digital channels in connection with the pandemic, personalized customizations went live also in time deposit accounts. In this context, transactions performed at branches were integrated into digital channels, and demand deposit service was substantially made available on channels. Besides deposit products, Garanti BBVA focused on the returns

secured for customers, and ensured active asset management with SMART Funds, which are mutual funds with absolute income targets and invest in domestic and overseas markets, Structured Borrowing Instruments with guaranteed minimum interest, and bonds issued by Garanti BBVA and its subsidiaries.

During 2020 when investor interest in precious metals grew by the day, the Bank issued the Silver Based Precious Metals Fund Basket Fund, which is the first Silver Based mutual fund that began to be traded on TEFAS (Turkey Electronic Fund Distribution Platform). Likewise, the Bank kept responding to needs with the Foreign Technology ETF Fund Basket Fund in this period that sees intense interest in the global technology sector.

## INFORMATION AND ADVISORY SERVICES SUPPORTING THE DEVELOPMENT OF SMEs

Garanti BBVA listens to the needs, feedbacks and complaints of its SME customers, and develops its products and services accordingly. All these developments and information provision allow SMEs to perform their transactions uninterruptedly, while maintaining a perfect customer experience. At the same time, the Bank continues to offer advisory to help its customers make sound financial decisions.

While offering solutions catering to their needs, Garanti BBVA also keeps its SME customers informed about the developments in their respective sectors and other matters that have implications for their business lives. In this context, the KOBİ Girişim magazine being published for many years in cooperation with the Economist Magazine is mailed free-of-charge to all SME customers electronically.

## WHAT WE DID IN 2020

Garanti BBVA introduced a series of precautions in order to make life easier for its SME customers that were affected by the restrictions imposed in connection with the pandemic, to ensure the sustainability of their businesses, and to protect them against being affected by the virus when performing their banking transactions.

→ Garanti BBVA referred its customers to digital channels

for non-cash transactions. In this period, SME customers had increased demand for digital channels. The Bank increased daily minimum cash withdrawal limits from ATMs and money transfer/EFT upper limits for a certain period of time, in order to enable faster and easier performance of financial transactions by customers and also to alleviate the density in branches. Also, cash withdrawal from other banks' ATMs was free-of-charge for a specific period of time. No fees were charged to SMS customers for money transfers via mobile application or internet banking for a given period of time. Also upper limits for SWIFT and forward import transfer via digital channels were updated.

→ SME customers were regularly reminded of the contactless cash withdrawal/ depositing capability from ATMs using QR code and of the Garanti BBVA Mobile capabilities including money transfers, credit card, bill and loan payments to shorten the time they spend in branches during the pandemic. Corporate customers were also informed about the contactless cash withdrawal with QR code function made available on the ATMs. Garanti BBVA believes that it has thus raised awareness among customers of the practical and healthy ways to digitally perform the transactions they most frequently perform in branches.

→ In addition, the Bank postponed the loan repayments of all its customers who requested it due to reduced turnover, exclusively during the pandemic. In addition, SME customers were informed about their entitlement to Social Security Institution payment deferrals granted by the government to companies engaged in specific sectors and to benefit from this incentive.

→ SME customers having time deposit accounts continued to be informed that they can receive financial advisory about custom-tailored interest rates through mobile banking app push notifications made 3 days prior to maturity date.

→ During this timeframe that precluded visits, the Bank further strengthened its connection with the customers, made more customer calls, and offered solutions befitting their needs specific to the period. Also through this period, Garanti BBVA stood by its customers with solutions customized according to its customers' needs.

All these efforts resulted in the number one spot Garanti BBVA

clinched in the SME Net Promoter Score (NPS) study conducted to gain a better insight into its customers.

## SOLUTIONS HELPING CUSTOMERS ACHIEVE THEIR TARGETS WITH NEW GENERATION PAYMENT TECHNOLOGIES

Garanti BBVA makes proposals that are aligned with customer needs in order to help them make healthy financial decisions. The suggestion systems that help customers make the best financial decisions are backed by smart solutions integrated with new generation payment technologies.

### WHAT WE DID IN 2020

Garanti BBVA offered a solution to its temporarily financially stressed customers during the pandemic with the New Postpone Payment product launched on 30 March 2020.

With the New Postpone Payment feature, the Bank offered customers the possibility to defer their debts without any payments on their cards for 3 account statement periods, and benefit from a 6-installment repayment plan for comfortably paying their total debts arising at the end of the 3 periods. With this solution, Garanti BBVA addressed various problems facing the customers during the pandemic, such as temporary hardships in payment, protecting cash assets amid a volatile environment, deferring their card debts and keep using their cards, and preventing any downgrades in their credit scores.

With the solutions suggested, Garanti BBVA aimed to enhance customer experience and increase the trust held in the Bank, as well as keeping them from undergoing follow-up due to temporary financial stress and maintaining customer relationship.

Credit card due deferment proposal was brought for customers who are financially distressed due to the pandemic. From 1 June 2020 until 31 December 2020, the Bank made this offer to customers for up to 6 months, making them feel that Garanti BBVA is standing by them. About 85 thousand customers benefited from the proposal.

On August 19<sup>th</sup>, cash advance feature was redefined to credit cards of customers, for which this feature was canceled during the pandemic due to non-payment of the minimum payment amount three times during the course of the year. In addition, denial of cash advance via cards was suspended during the course of the pandemic. Thanks to the implementation which will be available until 30 June 2021, customers will be able to fulfill their cash needs with their credit cards through this economically trying period.

### BONUS CHECK-UP

In October 2020, Garanti BBVA introduced Bonus Check-up, a first of its kind in Turkey, to provide financial information to, and guide, its customers whose card applications were declined. With this function, Garanti BBVA targets to offer financial advisory by giving recommendations and providing guidance regarding their shortcomings to users in relation to the credit card application process.

In case of a declined credit card application, Garanti BBVA customers can use the Bonus Check-up service via BonusFlas application to clearly learn about the custom-tailored actions they can take for re-evaluation of their applications. Users can easily view the financial reason why their application was declined or whether the information required for the application was complete and up-to-date via BonusFlas, for re-applying upon completion of the lacking elements. They can clearly see the state of their financial health on one hand, and increase their chances of having a credit card on the other.

Offering transparency for the customers, the function steers the customers wishing to get a card from Garanti BBVA with the right actions and helps them reach their objective, while contributing to the Bank's new customer acquisition and increased credit card issuing volume.

### OUTLOOK

COVID-19 has been a factor that impacted and changed every aspect of life both for individuals and entities. Many routines from the way we do business about our shopping habits, from our

communication tools to how we spend our free time, from the entities we contact to our expectations have all changed and evolved. This change will live on in 2021 and thereafter to a substantial extent.

Health was undoubtedly the pivotal focus for consumers in 2020. Consumers voluntarily changed their long-lasting habits in order to avoid the risk of infection. The greatest impact for the banking world occurred in the rush to channels excluding face-to-face contact such as mobile applications and call center. Customers achieved a major transformation that would normally take several years within just several weeks and began to opt for digital channels at a growing extent. Consumer behavior during the pandemic also varied according to the course of the pandemic and the measures adopted. For example, the spending trend in various categories changed over the course of the pandemic. Having largely restricted expenses on entertainment, dining out, cosmetics, accessories etc. in March and April, consumers, worn out by the pandemic, later recaptured the same levels in their expenses on some of these categories. It can be suggested that these changes will continue in the year ahead.

During this period, brands that care about the well-being of its customers and society, and act transparently and cordially in their communications gained the foreground. Similarly, customers began to detect and engage with businesses working for a sustainable environment and society, and exercising care in this regard in their operations. Completely aware of the role and responsibility that falls upon it in this vague and difficult period, Garanti BBVA will keep modifying its service model in an agile fashion to timely and satisfactorily respond to changing customer needs and expectations. In this context, it will remain as an essential priority for the Bank to ensure the well-being of its human capital and to build on their competencies to facilitate adaptation to the new normal.

Driven by the desire to be accessible and to reach the customers through their top-choice channels, Garanti BBVA, during this period, will work with the target of creating new channels for its

customers by integrating various communication applications into banking applications. In view of the gradually increasing use of video and digital content by customers, the Bank will begin using these channels more often for conveying the solutions for their financial needs.

Although anticipating to have a more positive year in terms of the economy in 2021, Garanti BBVA predicts that its customers will have an extreme need for financial advisory as was the case in 2020. Therefore, the Bank will keep working towards increasing the number and frequency of its services and products that will contribute to its customers' financial health. In 2021, the Bank will be closely watching global trends and broaden its product range by issuing new mutual funds that invest in different themes. The Bank will continue to stand by all of its customers in the personal segment, be them employees, retirees, or tradesmen, with sustainable products.

Garanti BBVA already began the infrastructure work for expanding its portfolio with its environment-friendly products taking global trends into account, which are slated for introduction in 2021, namely Clean Energy, Sustainability Stock and the new member of the SMART fund family. Product diversity will continue to increase with new fund products in 2021.

During 2020, the Bank worked on fund trading and management monitoring of customers via [garantibbva.com.tr](http://garantibbva.com.tr) and Garanti BBVA Mobile, resulting in the development of much more user-friendly screens. These initiatives will be brought to completion and launched in the first quarter of 2021.

Garanti BBVA will also continue to work towards ensuring the financial health and sustainability of the SMEs that make up 99% of the economy in Turkey. By offering solutions aligned with the evolving conditions in the world, the Bank will make their lives easier and help them improve the way they do business.

It will carry on with its product and service developments in a bid to facilitate penetration of SMEs to new markets, contribute to their digitalization, and support their development.

Garanti BBVA's principle of always approaching the customers in a "transparent", "clear" and "responsible" manner will remain as a core element of its strategy to enhance customer experience and help them make informed decisions.

Proposals designed to improve customers' financial health will be broadened, and suggestions and solutions will continue to be offered to help them easily manage their daily financial lives and reach their life goals. Garanti BBVA's vision in 2021 will remain as supporting its customers to correctly manage their assets and liabilities and acquire the skill to plan an independent and secure lifestyle in the future as they fulfill their financial obligations, and being positioned as their "Trusted Financial Coach" in their lives.

Garanti BBVA believes in the importance of making a contribution, starting with the improvement of each corporate customer's financial health, in order to support a healthier commercial life and to consolidate the strength of the economy; it considers this vision as a key constituent of the benefit we can contribute as a bank to our country. To this end, the Bank aims to regularly monitor corporate customers' financial performance, determine in advance the points that might be financially challenging for customers with the help of the smart structures it will build, and warn its customers in a timely manner. It intends to suggest the pathways to a stronger financial structure in the form of personalized proactive advice enriched with product and service proposals that Garanti BBVA can offer them. Garanti BBVA's vision for the years ahead is to stand by its customers not only when they come to the Bank for assistance but at all times, and to be able to offer a comprehensive financial advisory service based on a banking concept that goes beyond the conventional description at all points they need the Bank, even when they are not aware of their need.

In a bid to offer the best user experience, Garanti BBVA will maintain constant communication with its users, and continue to observe the customer journey continuously, to be followed by steps designed for its further betterment.

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# SUSTAINABILITY



Scan the QR code to  
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TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# Sustainability

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Related Material Topics	Value Drivers	Indicators	2019	2020
#2 CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS	POSITIVELY INFLUENCE CUSTOMERS, DECISION-MAKERS AND THE SECTOR BEING THE LEADING BANK IN SUSTAINABILITY; CONTINUE TO HELP RAISE INCREASED AWARENESS	Participation in sustainability related initiatives and memberships	27	27
		Engagement platforms	44	44
		Sustainability indices in which Garanti BBVA is included	9	10
		Policies/position papers Garanti BBVA contributed	13	11
		Environmental and Social workshops and conferences	11	7
		Topics addressed/discussed in workshops and conferences	15	22
		Contribution to Sustainable Development (TL billion, cumulative)	38.4	51
		Issues addressed by community programs	3	4
		Amount of investments in community programs (TL million)	22.3	60
		SME initiatives (including applications and events)	10	5
#9 CLIMATE CHANGE: OPPORTUNITIES & RISKS	FOCUS ON COMMUNITY INVESTMENT PROGRAMS WHICH DELIVER IMPACTFUL OUTCOMES ON MATERIAL ISSUES AND OBSERVE IMPACT INVESTMENT PRINCIPLES	Women Entrepreneurs encouraged to apply to Woman Entrepreneur Awards (cumulative)	38,450	39,750
		Women who participated in woman entrepreneurship events and whom Garanti BBVA helped raise increased awareness	10,250	8,500
		Market share in wind power plants (WPP)	27.5%	24.7%
		Avoided GHGs through renewable portfolio (million tons of CO <sub>2</sub> e)	5.9	7.2
		Scope 3 footprint of greenfield energy production portfolio (in new PF commitments)	0	0
#11 FINANCIAL HEALTH AND ADVICE	OBSERVE CLIMATE CHANGE-RELATED RISKS AND OPPORTUNITIES; INTEGRATE THEM INTO OUR BUSINESS PROCESSES AND RISK POLICIES	Renewables in greenfield energy production portfolio (in new PF commitments)	100%	100%
		Total Sustainability Funds utilized from IFIs (TL million)	1,087	1,359
		Sustainable products/credit lines	42	43
#12 INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)	INCREASE OUR SUSTAINABLE PRODUCTS DIVERSITY OFFERED TO CUSTOMERS, AND PROMOTE THEIR INCREASED USAGE			

Contributed Sustainable Development Goals



The world is undergoing a significant social, environmental and economic transformation. Many practices that we know and are familiar with are no longer applicable and capable of fulfilling our needs under the current conditions. In the past decade, we have witnessed a radical change in the expectations of communities from businesses. In the next decade, we will be seeing much more demanding societies that are more aware of their power given these revamped expectations. In the light of these, Garanti BBVA puts responsible and sustainable development in its focus and develops innovative practices to respond to its stakeholders' expectations.

For the whole world, 2020 has seen habits replaced by radical changes due to the COVID-19 virus that emerged in Wuhan. From March when the first virus case in Turkey was reported until the end of 2020, Garanti BBVA continued to work at full speed on innovative products, services and initiatives in the area of sustainable finance and development amid the pandemic. One of the main enablers of this speed was the digital investments that the Bank has been making for more than 25 years. During this period when the whole world was confined to their homes with the spread of the pandemic, the banking sector witnessed an unprecedented speed in terms of digital transformation.

The Bank continued to mobilize its human and intellectual capitals along with financial capital also in this period in a bid to support responsible and sustainable development, one of its strategic goals. Taking into consideration the effects of the pandemic process that plagued 2020, the Bank strove to understand the conditions surrounding its customers and other stakeholders, and to develop solutions catering to their needs.

Green and sustainable loans/bonds are quite important within the 2030 Agenda that ranks high among material topics. As of year end 2020, the total volume of sustainable borrowing market exceeded USD 1.9 trillion.<sup>1</sup> Just in the first half of 2020, the total volume of sustainable bonds and loans reached USD 270 billion despite the pandemic. This figure is reached at USD 655 billion as at the end of the year. Developing innovative

financial instruments and solutions such as the green loan and gender loan, Garanti BBVA keeps supporting the expansion of the sustainable bonds and loans volume in Turkey with the steps it has taken.

The Bank collaborates with its peers and the business world at a global level to identify new opportunities, to determine emerging best practices and products, and to remain a leader in sustainable finance and development in Turkey.

In this framework, Garanti BBVA actively takes part in, or holds seats as chair or member on the boards of directors of, 27 initiatives in total, including a number of intermediary platforms such as the United Nations Environment Program Finance Initiative (UNEP FI), Principles for Responsible Banking, Global Compact Turkey, and the Turkish Business Council for Sustainable Development (BCSD Turkey).

Garanti BBVA considers the Principles for Responsible Banking, in the constitution of which it was actively involved, which reached 200 signatories worldwide by end-2020 and was signed by seven banks from Turkey, as a global guide in the projects that it finances. The Bank evaluates the products in its loan book against non-financial criteria that make an environmental, social and/or governance (ESG) risk or impact, as well as financial parameters in the light of these Principles. The Bank, guided by the Principles, aims to set new targets and further improve its performance each time, rather than following the same decisions.

Remaining as a constituent of 10 sustainability indices in total including the Dow Jones Sustainability Emerging Markets Index, Garanti BBVA analyzes the sector's leading practices in environmental and social areas, and originates new areas for continuous improvement. The Bank shows the way for sustainable pathways through being involved in the development of collective policies and position papers of the private sector, which numbered 11 in 2020.

<sup>1</sup> Sustainable Debt Monitor Report: The Institute of International Finance, January 2021



Garanti BBVA diversifies financial instruments provided for low-carbon and inclusive growth, and cooperates with international financial institutions for low-cost funding. Drawing on its intellectual capital, the Bank introduces innovative financial resources that incorporate pioneering applications and sustainability criteria, as well as the first social bond issue ever carried out by a private bank in an emerging country.

With the Green Loan it has launched in 2018, Garanti BBVA urge borrowers to improve their sustainability performances throughout the term of the loan. Borrowers may become entitled to advantageous loan interest or commission rates made available against improved performance in environmental, social and corporate governance areas that satisfy the predefined criteria during the term of the loan. The Gender Loan, which was introduced in a similar structure in 2019 by Garanti BBVA, represents a first in the world. Under the Gender Loan, Garanti BBVA grants discount both on cash loan margins and non-cash loan commission for improvements borrowers secure in gender equality.

In 2020, we have seen the effects of the economic and social crisis stemming from the pandemic in every department of life. Notwithstanding, Garanti BBVA kept offering gender loans, sustainability-linked loans to encourage its customers to adopt more sustainable business models. Again in 2020, Garanti BBVA authored the world's first-ever Sustainability-linked Syndicated Facility by tying its own borrowing processes to ESG criteria.

As climate change continues to be one of the most significant global crises in the 21<sup>st</sup> century, responsible finance approach is molded to address climate change issues in addition to societal challenges such as fostering employment through supporting SMEs in growing their businesses. Having allocated 100% of its project finance support for greenfield energy investments to renewables in recent years, and thus increasing the total lending to this area to date above USD 5.3 billion. Garanti BBVA's support to green and environmentally-sensitive energy continues with the use of 100% renewable energy for electricity in all of its

branches and buildings outfitted with compatible infrastructure. Garanti BBVA considers its systematic and long-lived initiatives carried out within the scope of its community investment programs as a key element of its responsible business concept. The Bank identifies its strategic priorities in this framework in line with the social sensitivities in the country and the world, BBVA Group priorities, stakeholders' expectations and necessity areas.

Accordingly, the Bank creates shared value through its strategic community investment programs focusing on material topics such as quality education, culture and arts, entrepreneurship, and environment.

It is among the various goals of Garanti BBVA to support the growth and resilience of SMEs, women entrepreneurs and startups, who are key to sustainable development of the economy, and help them improve their environmental, social and ethical performance, besides producing solutions for their financial needs.

Through Garanti BBVA Partners Acceleration Program, the Bank helps flourish the entrepreneurial ecosystem in Turkey, and aims to support and accelerate early startups and initiatives with the potential to attract investment and grow.

The Bank facilitates women entrepreneurs' access to financing, encourages them to realize their full potentials through Turkey's Woman Entrepreneur Competition, and executes free-of-charge educational collaborations to ensure sustainability such as the Women Entrepreneurs Executive School. Through Women Entrepreneurs Meetings, the Bank targets to help women entrepreneurs build new collaborations and penetrate new markets through experience and information sharing that they need.

Carried out by the Teachers Academy Foundation (ÖRAV) founded and sponsored by Garanti BBVA, the 5 Pebbles: Social and Financial Leadership Program is intended to build on teachers' knowledge of social and financial literacy and to

enable them to teach these skills to their students as well. ÖRAV's support to teachers is ongoing during the formidable pandemic that is affecting the whole world via innovative online activities. The Foundation's initiative to this end launched in 2020 with the support of Garanti BBVA is the web seminars series named Teachers without Distance.

Culture and art make another area in which Garanti BBVA intensifies its initiatives within the scope of the Community Investment Programs. Regarding active participation in cultural life, the development of individual and collective cultural liberties among the core components of personal and also sustainable societal development, Garanti BBVA founded SALT in 2011. SALT reaches the society through SALT Beyoğlu, SALT Galata locations and SALT Ankara Office; being an archetype and constantly evolving cultural institution, it plays a major part in the creation of the memory of Turkey's cultural heritage and in raising awareness of it.

Making it a priority to assume responsibility and take action in emergencies prevailing in the countries where it operates, Garanti BBVA took big steps in fighting the coronavirus pandemic throughout 2020. After making donations for provision of equipment and supplies for state university hospitals, the Bank procured 500 ventilators to be delivered to the Turkish Ministry of Health. Last but not least, the Bank donated 45 thousand saplings for reforestation efforts in Hatay that suffered from forest fires.

By focusing on responsible and sustainable development, the Bank actively contributes to Sustainable Development Goal 1: No Poverty, Goal 3: Good Health and Well Being, Goal 4: Quality Education, Goal 5: Gender Equality, Goal 6: Clean Water and Sanitation, Goal 7: Affordable and Clean Energy, Goal 8: Decent Work and Economic Growth, Goal 9: Industry, Innovation and Infrastructure, Goal 10: Reduced Inequalities, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production, Goal 13: Climate Action, Goal 14: Life Below Water, Goal 15: Life on Land, Goal 16: Peace, Justice and Strong Institutions, Goal 17: Partnerships for the Goals.

## INTRODUCE NEW SUSTAINABLE PRACTICES THROUGH PARTNERSHIPS

The Sustainable Development Goals (SDGs) emphasize the importance of cooperation among all stakeholders from governments to individuals in reaching the 2030 targets.

In line with its leading position in the implementation of sustainable finance and development initiatives, the Bank is transforming the sector through engaging and building partnerships with key stakeholders

For many years, Garanti BBVA has been participating in local and international organizations, which allowed for widespread, high-level engagement of the business community, governments and policymakers with numerous national and international organizations.

Garanti BBVA chairs, or participates in, the working group meetings of the UNEP FI Principles for Responsible Banking, and the working group meetings of the Global Compact Turkey, the Turkish Business Council for Sustainable Development (BCSD Turkey), the Banks Association of Turkey Role of the Financial Sector in Sustainable Growth Workgroup and the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group meetings.

## WHAT WE DID IN 2020

Ebru Dildar Edin, Garanti BBVA Executive Vice President responsible for Corporate, Investment Banking and Global Markets, continued to serve as the Chair of the Business Council for Sustainable Development Turkey (BCSD Turkey). With a total of 68 members from 19 sectors representing 15% of Turkey's gross domestic product, BCSD Turkey has been working for 16 years to make sustainability one of the key strategies of the business community.

UNEP FI Principles for Responsible Banking, among the 30 founding members of which Garanti BBVA was the only bank invited from Turkey and which was launched in New York in

September 2019, reached 200 signatories. The Principles, which are expected to significantly contribute to the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement objectives, focus on six main pillars: Alignment, Impact, Clients and Customers, Stakeholders, Governance and Target Setting, Transparency and Accountability. In its 2020 Integrated Annual Report, Garanti BBVA is sharing also its first Impact Report within the scope of the UNEP FI Principles for Responsible Banking.



***UNEP FI Principles for Responsible Banking Impact Report can be found on page 569.***

In recognition of the innovative steps it has taken to drive the private sector to integrate the 2030 Agenda into their business models, in 2020 Garanti BBVA was named the "Best Bank for Sustainable Finance in CEE" by Euromoney, and the "Best Investment Bank for Sustainable Finance in CEE" and the "Best Investment Bank in Turkey" by Global Finance. In 2020, Garanti BBVA was also honored with the "Best Bank for Sustainable Finance in Turkey" and "Best Investment Bank in Turkey" awards by the Global Economics, a leading financial publication in the world, for the project finance loans it has provided to major projects in Turkey, for its pioneering and innovative initiatives in sustainable finance, and for sector-leading investment notion. The Gender Loan structure, which was signed for a Wind Power Plant project and a first in the world, was honored with the ESG Finance Innovation of the Year award in 2019, while Garanti BBVA was the recipient of the Partnership for Sustainability Award in the Human category granted by the United Nations Global Compact (UNGC) Network Ukraine.

The only company operating in Turkey to have qualified for the 6th consecutive time in the Dow Jones Sustainability Emerging Markets Index, one of the leading sustainability indices in the world, Garanti BBVA is the only bank from Turkey included in the index. Having also remained as a constituent of the BIST Sustainability and the Corporate Governance Indices, Garanti

BBVA has been the only company to be included in Bloomberg Gender-Equality Index for the 4th consecutive year since 2017, and also continues to take place in the FTSE4Good Emerging Markets Index.

## OUTLOOK

Garanti BBVA is aware of the need to collaborate and engage with its peers and suppliers on a global level to identify new opportunities, capture emerging best practices and products, and remain as a leader in sustainable finance and development in Turkey. The COVID-19 pandemic that swept the whole world in 2020 served as a particular reminder of the vitality of sustainable development and the importance of collaborating to achieve it in the formation of post-pandemic new economic models.

Governments and businesses around the globe underlined that the post-pandemic new order to be established must have sustainability in its focus. Organizations directly involved in sustainable development such as the European Union (EU) already began planning the post-pandemic rehabilitation around green and sustainable criteria. It was recently announced that the seven-year EU budget worth EUR 1 trillion and the EUR 750 billion recovery package will be utilized in accordance with green and digital transformation terms and that 25% of this budget will be allocated to climate action.

In parallel with this, with the European Green Deal<sup>2</sup>, the policy initiative designed to ensure the sustainability of the EU economy and a major driver of transformation of the European economy, it was resolved to make Europe carbon-neutral by 2050 and to decouple economic growth from resource use. The transformation plan detailed in the Deal entails important opportunities for the transformation of businesses in Turkey, as well. In this context, Garanti BBVA will continue to support its customers in this department with the sustainable borrowing instruments and green/sustainable loan options that it has been pioneering in Turkey.

<sup>2</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

Specifically, mechanisms such as the carbon border adjustment that will be incorporated in economic systems through the EU Green Deal will impose additional tax liabilities on all countries and sectors having an export relationship with the EU, and especially on carbon-intensive industries. All private and public actors wishing to avoid being negatively affected in their commercial relationships will have to contribute to post-pandemic green recovery.

The interest in green and sustainable investments fueled by the pandemic brings along certain risks. In particular, it becomes a real challenge to figure out whether sustainable investments are truly sustainable as the total volume grows larger. Hence, the sector players need guides detailing all aspects before they decide on their investments. There are standards on this topic published by the Loan Market Association and the International Capital Market Association.

The most important step in relation to strict definitions about being green or sustainable has been the EU Taxonomy<sup>3</sup> published in June 2020 by the EU. The Taxonomy provides a comprehensive definition of environmentally sustainable investments. While it serves as a glossary, it also obligates big companies and financial institutions in the EU to report their sustainable finance activities.

We are witnessing that sustainability reporting, particularly in relation to climate change, is becoming more and more important. So much so that governments began to introduce obligations in this respect. For instance, the United Kingdom announced that TCFD reporting will become mandatory by 2025. As the Taxonomy studies expand, these reportings will encompass much broader regions and industries. In addition, Sustainability Principles Compliance Framework published by the Capital Markets Board of Turkey (CMB) in October 2020 constituted one of the most important steps taken towards raising increased ESG awareness of the companies in Turkey and to expand the transparency and accountability principles in this

respect. In the period ahead, Garanti BBVA targets to convey its knowledge acquired in this area to its customers acting just like an advisor, and drive the development of green investments in Turkey.

Garanti BBVA will mainly focus on enhancing non-financial risk management approaches within the Turkish banking sector. Additionally, the Bank will support activities to boost public-private sector partnerships. As part of the BBVA Group, the Bank will continue to contribute to BBVA Group's Sustainable Finance Pledge designed to support the combat against climate change and financing sustainable development.

## CREATING SHARED VALUE FOR ALL THROUGH IMPACT INVESTMENT

Garanti BBVA diversifies financial instruments it offers for low-carbon and inclusive growth, and establishes cooperation with international finance institutions focusing on sustainable development. By developing products and services for diverse needs, the Bank pays attention to providing financial solutions facilitating transition to a sustainable economy. Total financing provided to sustainable development amounted to TL 51 billion in 2020.

Additionally, the BBVA Group, which is the main shareholder of Garanti BBVA, contributed EUR 50.2 billion in total to the Pledge 2025<sup>4</sup> declared in 2018, whereby the Group committed to securing EUR 100 billion financing for sustainable development and combating climate change.

## BORROWINGS AND SECURITY PRODUCTS ENTAILING ESG CRITERIA BOND ISSUANCE

During 2020, Garanti BBVA secured funds worth USD 700 million in this scope from international finance institutions. This amount accounts for 52% of the total financing the Bank secured in 2020.

<sup>3</sup> [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en)

<sup>4</sup> <https://www.bbva.com/en/infographic-2025-pledge/>

## SECURITY PRODUCTS

Garanti BBVA Pension's sustainability stock pension investment fund was worth TL 91 million as at end-2020 and makes up 10.75% of Garanti BBVA Pension Investment Funds.

## WHAT WE DID IN 2020

Garanti BBVA signed the second Gender Loan structure, the world's first that made its debut in 2019, with 4 more companies engaged in the leisure industry, which are affiliated to a corporate company operating in our country. The Gender Loan worth TL 151.2 million in total incorporated the UNDP Gender Equality Seal for Public and Private Enterprises criteria, in addition to the criteria set by Garanti BBVA.

Turkey's largest Sustainability-Linked Loan in which Garanti BBVA participated as a Sustainability Agent signed with an energy company in September 2020 was another major deal. In this facility worth EUR 650 million, the margin of the loan was tied to predetermined environmental and social criteria.

Another groundbreaking major deal introduced in the world by Garanti BBVA was the Sustainability-Linked Syndicated Loan. Having rolled over the syndicated loan it received from international markets under its foreign borrowing program, Garanti BBVA signed two new loan agreements participated by the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) and obtained funds totaling approximately USD 700 million from overseas markets. This syndication signed by Garanti BBVA is the first ESG-linked syndication loan obtained by any bank in the world tied to a bank's sustainability criteria. According to the terms of the loan, an international independent consultancy firm will periodically evaluate Garanti BBVA's performance against the agreed criteria. Interest due will be reduced to the extent Garanti BBVA improves its performance and fulfills the criteria it has committed to. Signed in May 2020, the deal was received with great interest despite all the unknowns of the pandemic and once again demonstrated the trust held by the international market in Garanti BBVA.

The Bank is working to motivate its customers to employ sustainable finance mechanisms in their borrowings and to adopt sustainable business models. In July 2020, Garanti BBVA intermediated green bond issuance worth TL 100.5 million of a client. This was also the first green bond issue in terms of Turkish Lira. Positioned like an advisor in the process, Garanti BBVA stood by its client at every stage from the preparation of the framework document for the bond to the meetings with the rating agency, and shared its knowledge and experience in this field. Following the issue, the Bank made use of its digital and mobile channels to inform its corporate, retail and private banking customers about the opportunities stemming from investments that contribute to sustainable development and helped the green bond issue reach a much larger group of investors.

## OUTLOOK

In the period ahead, Garanti BBVA will continue to motivate its customers to adopt more sustainable business models by way of innovative products and services. Targeting to provide a financing of TL 2.5 billion minimum to sustainable development and the combat against climate change in 2021, the Bank commits to allocate a minimum funding of TL 14 billion in this field over the next 4 years by 2025.

## FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

It is a primary objective for Garanti BBVA to provide the necessary financing for renewable energy, which is making exponential progress through global technological developments, and to contribute to utilization of renewable energy potential of our country.

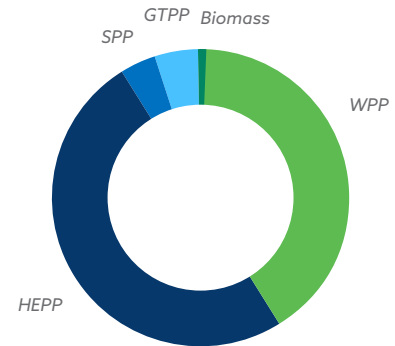
Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. Garanti BBVA has been the first bank in Turkey to commit to UN Global Compact's Business Leadership Criteria on Carbon Pricing. Closely watching the

National Emissions Trading System activities carried out by the Ministry of Environment and Urbanization within the scope of the PMR Project, Garanti BBVA keeps applying shadow carbon pricing to 100% of greenfield electricity generation projects in its project finance deals in order to reflect global developments in this respect in its business model.

With this Action Plan, Garanti BBVA also pledged that a minimum of 60% of the total funds allocated to greenfield energy production facilities will be allocated to renewable investments. In 2016, Garanti BBVA took its pledge one step further and committed to a renewable energy share at a minimum of 70% of the greenfield power sector financing to be provided by 2020 in new project finance transactions. In 2020, this ratio was far exceeded as it reached 100% similarly to previous years. Hence, once again in 2020, all of the project finance loans Garanti BBVA provided for greenfield power plants have been allocated to renewable energy projects. By the end of 2020, the percentage of green assets to Project and Acquisition Finance loan portfolio is 26% which corresponds to a total volume of 2.1 billion USD. The percentage of green assets to the loans granted for electricity generation purposes in the Project and Acquisition Financing portfolio is 73%; while the percentage of green assets to the loans granted for infrastructure projects such as energy, highway, airport, port and health campus projects, is 33%. The Bank hold the market leader position with 24.7% market share. The cumulative amount of financing provided for renewable energy investments has exceeded USD 5.3 billion. Financing 100% renewable energy in greenfield electricity generation projects within the scope of Project Finance since 2014, the total percentage of coal related exposure to the Bank's entire portfolio is 2%.

Also, in 2020, total avoided emissions of operational solar power plant, wind power plant and hydro power plant projects, in the financing of which Garanti BBVA was involved, was 7.2 million tCO<sub>2</sub>e based on the current average grid emission factor for Turkey.

**AS OF  
31 DECEMBER 2020,  
GARANTI BBVA  
HAS ALLOCATED:**



USD 2.66 billion to **WIND POWER PROJECTS (WPP)**, for 2,553 MW current installed capacity, which will reach a total installed capacity of 2,796 MW once fully operational,

USD 2.42 billion to **HYDROPOWER PROJECTS (HEPP)**, for 3,014 MW current installed capacity, and fully operational hydroelectric power plant projects,

USD 263 million to **GEOTHERMAL POWER PLANT PROJECTS (GTPP)**, which will have a total installed capacity of 337 MW once fully operational,

USD 244 million to **SOLAR ENERGY PROJECTS (SPP)**, which will have a total installed capacity of 326 MW once fully operational,

USD 57 million to **BIOMASS TO ENERGY PROJECTS**, which will have a total installed capacity of 58 MW once fully operational.

Garanti BBVA also launched its Environmentally-Friendly Auto Loan in May 2017 for the financing of hybrid and electric automobiles that provide fuel efficiency and stand out with their environmental features. Total lending reached TL 34 million at the end of 2020. The Bank believes there is strong potential moving forward given the international pledges and developments in this area. The Environmentally-Friendly Auto Loan will offer advantages to consumers with more attractive interest rates from 2020.

Total financing provided under the Green Mortgage product introduced in 2017 to encourage individuals to live in green and environmentally-friendly buildings amounted to TL 520 million.

Through the Green Corporate Loan introduced by Garanti BBVA for the first time in Turkey in 2018 and followed by the Green Project Finance Loan, a multi-bank loan agreement in which Garanti BBVA acted both as lender and green loan agent, the Bank helped establish credit mechanisms encouraging borrowing companies to improve their sustainability performance throughout the term of the loan in the market. In 2020, Garanti BBVA defied the backbreaking effects of the pandemic upon the market and continued to act as a pioneer in green and sustainable products. In the reporting period, the Bank signed its name under the second Gender Loan agreement and Turkey's highest Sustainability-linked Loan Agreement in which it was both a lender and Sustainability Agent. Under 5 green and sustainability-linked loan agreements, Garanti BBVA provided a total funding of USD 295 million as at year-end 2020.

## ENVIRONMENTAL IMPACT OF OUR OPERATIONS

Offering innovative solutions in environmental issues to its stakeholders as part of its indirect impact, Garanti BBVA continues to take environmentally-friendly steps for its direct impact, as well. In 2019, Zincirlikuyu Head Office building earned Platinum certificate in LEED, one of the green building rating systems developed by the American Council of Green Buildings

(USGBC), thus becoming the first bank to have received such recognition in Turkey. Besides Zincirlikuyu Head Office building, Garanti BBVA Kızılay Branch is the only bank building holding Platinum certificate in New Buildings category. In addition, Garanti BBVA Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building all have LEED Gold certifications.

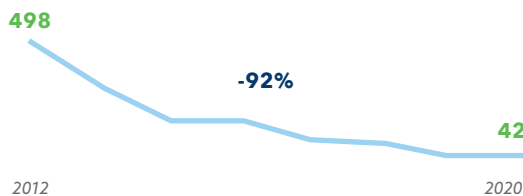
Besides its environmentally-friendly buildings, Garanti BBVA took some actions related to plastic use within the Bank in 2019. In this context, the Bank has become a signatory of the Business Initiative for Plastic led by BCSD Turkey, Global Compact Turkey and Turkish Industry and Business Association (TÜSİAD). As part of this initiative that started off with 26 companies and exceeded 40 in 2020, the Bank targets to end the consumption of single-use plastics within the Bank.

Financing 100% renewable energy in greenfield projects since 2014, the Bank took its efforts in this department one step further and launched an initiative that will be marked in the history. As a result of the contacts held with two different energy companies, 100% Renewable Energy Agreements were executed for the electricity consumed by the Bank. In 2020, 809 Garanti BBVA branches and 46 buildings met all of their 73 million kWh electricity needs from renewable energy. Thus, nearly 34,790 tonnes of CO<sub>2</sub>-equivalent emissions were avoided which corresponds to the carbon sink capacity of roughly 2.2 million trees.

Additionally, at Garanti BBVA branches and buildings that are technically fit, energy is supplied from natural and renewable resources. Currently, Garanti BBVA Bodrum Branch, Sivas Customer Contact Center and Antalya Akdeniz Branch procure their electricity needs through rooftop photovoltaic panels. The Head Office building, on the other hand, secures saving from electric energy consumption with the trigeneration system that has been in operation since 2018.

The Bank has secured significant reduction in carbon intensity over the years as a result of the long-standing efforts in relation to carbon footprint. Since the introduction of ISO 14001 Environmental Management System in 2012, the Bank's carbon intensity lessened by 92%.

### CARBON INTENSITY (tCO<sub>2</sub>E/TOTAL ASSETS)



In 2020, Garanti BBVA set itself the target of reducing its carbon emissions by 29% by 2025 and 71% by 2035 under the Science Based Target initiative compliant with the Paris Agreement goal to limit global warming to below 1.5°C. The Bank has been the first company in Turkey to declare such a target.

In 2020, the Bank purchased carbon credits for its emissions arising from its operations and has become a carbon-neutral Bank. Thus, the Bank has far exceeded its reduction goal of 71% for 2035 already at the end of 2020, i.e. 15 years earlier than targeted.

Garanti BBVA will carry on and further expand its environmentally-sensitive and pioneering initiatives in the years ahead, thus continuing to contribute to social and environmental benefits.



*Resource consumption and carbon emissions of Garanti BBVA by years are presented in detail in the Appendix A3.*

### SUPPORTING WOMEN ENTREPRENEURS

Garanti BBVA supports active participation of women in employment and economic life, with the understanding that an inclusive economy where all individuals make use of opportunities equally will be more efficient and can grow faster. Commitment to gender equality means ensuring development within the Bank and in our country in a way that it is beneficial for everyone.

The loan amount provided to women entrepreneur customers, categorized as a special customer group, reached TL 8.7 billion by the end of 2020.

Besides financing, the Bank provides entrepreneurship training for women through Women Entrepreneurs Executive School and supports women entrepreneurs in developing their businesses by creating ecosystems that enable knowledge and experience sharing.

Women Entrepreneurs Executive School initiative was awarded Gold Sardis in the Gender Equality category at the Sardis Awards for its contribution.

**Supporting active participation of women in employment and economic life, Garanti BBVA's loan amount provided to women entrepreneurs reached TL 8.7 billion by the end of 2020.**

<sup>2</sup> Calculated according to the official Small and Medium Sized Enterprises (SME) definition (enterprises employing less than 250 people annually and not exceeding TL 125 million either in annual net sales proceeds or financial balance sheet). Unless otherwise specified, the numbers cited are based on the SME definition of Garanti BBVA.



## FOSTERING EMPLOYMENT THROUGH SUPPORTING SMES AND ENTREPRENEURSHIP

Making up 74% of the total employment in Turkey, SMEs are important contributors to the economy, domestic development, and inclusive and value-added growth. Garanti BBVA supports SMEs in increasing their financial resilience and making value-added production that will benefit the economy.

In 2020, the amount of cash and non-cash loans provided to small and medium enterprises as SME Banking<sup>2</sup> reached TL 81.2 billion.

## PARTNERING WITH FINANCIAL INSTITUTIONS

Leading the sector in transforming the real sector's way of doing business, Garanti BBVA signed a 5-year agreement for USD 150 million equivalent TL 540 million with the International Finance Corporation (IFC), a member of the World Bank Group, within the scope of the Mortgage Backed Securities Issuance program. The issuance is the first green bond issued by Garanti BBVA and is also the first Mortgage Backed Securities issuance that the IFC invested in in Turkey.

Garanti BBVA makes available this fund, which is also its first deal in local currency with the IFC, mainly to finance "Green Mortgage" extended to environmentally-friendly projects covering high energy-efficient buildings.

In addition, a Green Mortgage agreement for EUR 75 million equivalent TL 313 million was executed with the EBRD in July 2017, under which total on-lending to date amounted to TL 100 million. These funds falling under the scope of Green Mortgage constitute 46% of the funding Garanti BBVA has secured from the Mortgage Backed Securities market.

In a bid to create equal opportunity in business life, Garanti BBVA has been extending support to women entrepreneurs since

2006. Within the scope of this support, The Bank, in cooperation with the IFC, issued Turkey's first social bond, Gender Bond, for the amount of USD 75 million with a maturity of 6 years to be used for financing women entrepreneurs. Under the facility, the Bank provides working capital up to TL 400,000 and up to maturities of 36 months exclusively to women entrepreneurs. Additionally, the Bank signed the Women Entrepreneurs Export Support Loan protocol with Turk Eximbank in 2019.

Garanti BBVA carried on with its pioneering stance with the new products launched in 2020. In this context, Garanti BBVA provided financing support worth USD 133 million to energy efficiency and renewable energy projects across 22 provinces, to SMEs and women entrepreneurs within the scope of the protocols executed with the IFC, Development Bank of Austria (OeEB) and the Green for Growth Fund (GGF). Under the protocol signed with Garanti BBVA and the IFC, a member of the World Bank Group, a financing package of USD 90.75 million was made available to Garanti BBVA to be on-lent to small enterprises mostly in provinces in the South and Southeastern Anatolia, where majority of the population provided with temporary protection in Turkey lives. In addition to this support package, Garanti BBVA obtained access to financing in the amount of USD 22 million from the Development Bank of Austria (OeEB) to be used for supporting women entrepreneurs. Finally, Garanti BBVA signed a financing agreement for USD 20 million with the GGF to be extended to energy efficiency and renewable energy projects.

Having developed innovative products that serve sustainable development over the last 15 years, Garanti BBVA issued 5-year maturity Green Bond for USD 50 million abroad in December under the GMTN (Global Medium Term Notes) program. This is the Bank's first green bond issuance in line with Green Bond Principles. With the fund generated on this issuance, the Bank will extend support to renewable energy and resource efficiency projects that produce solutions for climate change within the scope of the BBVA SDGs Bond Framework<sup>3</sup>.

<sup>3</sup> [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/04/BBVA-SDGs-Bond-Framework\\_23042018\\_Eng.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/04/BBVA-SDGs-Bond-Framework_23042018_Eng.pdf)

Maintaining its market leading position in innovative products in 2020, Garanti BBVA secured the first green syndication loan obtained by any bank in the world tied to a bank's sustainability criteria. According to the terms of the loan, an international independent consultancy firm will periodically evaluate Garanti BBVA's performance against the agreed criteria. Price will be reduced to the extent the criteria are fulfilled. With this facility, Garanti BBVA has added yet another one to its sustainability practices and used its commitments in renewable energy for the first time in an overseas borrowing instrument.

2020 has been a year in which economies and markets all over the world were negatively affected due to the COVID-19 pandemic. In this period, Garanti BBVA took some steps to back its stakeholders against the negative effects of the pandemic. Accordingly, in an effort to support the sustainability of its SME customers that suffered from negatively affected cash flows due to the pandemic, the Bank secured financing in the amount of USD 50 million and USD 54.7 million from the IFC and the EBRD, respectively. Garanti BBVA aims to help strengthen the market against the adverse impacts of the pandemic by extending support to economic development.

As the negative implications of the pandemic continued, Garanti BBVA realized the Bank's first risk sharing deal with the Risk Sharing Agreement made with the EBRD by late 2020. Under the agreement, funding up to 50% will be provided to commercial and project finance loans to be extended by Garanti BBVA in TL, USD or EUR, and the risk weight responsibility of half the amount will be transferred to EBRD. The agreement will facilitate lending to investment projects hit by the pandemic and priority will be given to investments with high sustainability performance or wishing to improve it.

## OUTLOOK

Garanti BBVA will carry on with financing activities that create positive impact. The Bank will expand its green products and services to support Turkey's transition to a low-carbon economy

and to contribute to the global goal of 1.5-degree warming. In that respect, Garanti BBVA will continue to prioritize renewable investments and take more ambitious actions regarding carbon-intensive sectors in its portfolio.

Garanti BBVA will continue to support the empowerment of women entrepreneurs through various programs and initiatives, which eventually will contribute to creating employment opportunities and providing the sustainable development of the Turkish economy. In tandem, the Bank will sustain its support to help render SMEs sustainable businesses with the contribution of the entrepreneurs, as well.

Garanti BBVA pursues a prudent external funding strategy, which is an important pillar underpinning a sustainable and well-diversified funding base. The Bank targets to expand its correspondent network in different geographies and meet the client needs for international transactions. Garanti BBVA aims to provide customized trade finance solutions for its clients and enter into new cooperation in this area with correspondent banks and export credit agencies.

## COMMUNITY INVESTMENT PROGRAMS

### QUALITY EDUCATION

Worldwide failure to achieve sufficient progress with respect to "Quality Education", which is Goal 4 under the Sustainable Development Goals espoused by the United Nations, exhibits the utmost importance of expanding educational opportunities in our day. The shared value to be created in this respect is attainable through fulfillment of the world's and present day's requirements that are rapidly evolving as a result of the current technology and digitalization, and through closing the skills gap for better preparing the young generations for the future.

The Teachers Academy Foundation (ÖRAV), established by Garanti BBVA in 2008, continues its activities with the goal of helping ensure that the society gives the much-deserved

value to teachers, one of the key focal points of education, as they practice a profession requiring specific knowledge, skills and attitude. The Bank aims to be instrumental in helping the teachers lead the education and training of the future generations so that they can build a contemporary and healthy world as they set the course of the future.

Launched in 2017 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, 5 Pebbles: Social and Financial Leadership Program contribute to primary school teachers' social and financial literacy knowledge and employs a child-centered approach and active learning methods to instill these skills in students. While raising the students' awareness of social and financial topics, the ultimate goal is to create a consciousness of "good citizenship". Under the Project comprised of five modules, education is given and various activities are carried out in the areas of "Self-Exploration and Understanding", "Rights and Responsibilities", "Saving and Spending", "Planning and Budgeting" and "Social and Financial Entrepreneurship".

To help the teachers handle the distance learning process as effectively as possible, ÖRAV keeps extending support to them in this respect. One of the initiatives in this framework is Teachers without Distance web seminar series, and is conducted via its online platform (eKampüs). Covering 17 topics, the web seminar series was launched in September 2020 and will be held in all 81 provinces of Turkey throughout the year.

The support Garanti BBVA has been extending to Tohum Autism Foundation's Continuing Education Unit continued also in 2020. In this framework, Tohum Autism Foundation provides theoretical and practical education about autism to special education teachers, parents with autistic children, related experts and university students.

Sports and physical education can motivate children and youth to attend and engage in formal and informal education, as well

as improve their academic performance and learning success. Sports can teach transferable life skills and key values such as tolerance, inclusion and lead towards learning opportunities beyond school. Sports can advocate for gender equality, address constricting gender norms, and provide inclusive safe environment.

With this perspective, Garanti BBVA has been supporting 12 Giant Men (National Men's Basketball Team) since 2001, Pixies of the Court (National Women's Basketball Team) since 2005, 12 Brave Hearts (National Men's Wheelchair Basketball Team) and 12 Magical Wrists (National Women's Wheelchair Basketball Team) since 2013. With the inspiration drawn from the 12 Giant Men, the 12 Giant Men Basketball Academies project finds and trains the 12 Giant Men and Pixies of the Court of the future.

## ENTREPRENEURSHIP

Garanti BBVA conducts educational and skills development programs such as Women Entrepreneurs Executive School and Women Entrepreneur Meetings in order to support its customers in the SME segment. These programs create positive impact on gender equality.

Furthermore, Garanti BBVA started its Garanti BBVA Partners Accelerator Program in 2015 in order to meet entrepreneurs' needs in all aspects of their new ventures. Under the program, the Bank hosted 5 entrepreneurs and provided assistance in various departments such as office space, mentorship, networking, marketing and training. Total investments received by the entrepreneurs exceeded TL 22 million.

## CULTURE AND ARTS

Cultural aspects, including active participation in cultural life, the development of individual and collective cultural liberties, the safeguarding of tangible and intangible cultural heritages, and the protection and promotion of diverse cultural expression are core components of personal and also sustainable development.

In 2011, Garanti BBVA unified Platform Garanti Contemporary Art Center, Ottoman Bank Museum and Garanti Gallery that had been operating under its organization to support active participation in cultural life under a not-for-profit umbrella institution named SALT, which contributes to the society and cultural development.

Garanti BBVA also aims to make cultural activities become widespread. As the main sponsor of İstanbul Jazz Festival for 23 years, Garanti BBVA has been supporting the leading music venues in İstanbul under the name of "Garanti BBVA Concerts" series and "Turn Up the Music with Garanti BBVA" project.

## ENVIRONMENT

Garanti BBVA has been the main sponsor of WWF-Turkey for 29 years. Contributing to the sustainability of the planet through its efforts and initiatives worldwide, WWF is one of the largest wildlife protection associations in the world, with 6,200 employees in more than 100 countries. WWF-Turkey conducts projects in the areas of seas, freshwater, wildlife, climate-energy, forests and food.

Garanti BBVA also supports the Earth Hour movement organized by the WWF every year in order to highlight the world's environmental problems. Garanti BBVA is also part of WWF-Turkey's Green Offices network, and contributes to the Foundation's nature protection initiatives with its employee volunteerism.

In addition, Garanti BBVA is the main sponsor of CDP Turkey, the Turkey office of the world's most powerful green non-governmental organization which is engaged in the fight against climate change and conservation of natural resources.

## SOCIAL IMPACT ANALYSIS

Garanti BBVA conducts Social Impact Analysis using the Social Return on Investment (SROI)<sup>4</sup> method in order to assess the

value and the social impact of its ongoing programs among the target audiences.

## WHAT WE DID IN 2020

While ÖRAV reached 19,529 teachers in 81 cities, the number of active users of its online platform (eKampüs) reached 18,340 in 2020.

The 5 Pebbles: Social and Financial Leadership Program reached 564 teachers and 9,000 students in 78 cities in 2020.

Teachers Overcoming Distances web seminars series reached 14,939 teachers in 4 months in 2020.

3,152 people were reached with initiatives carried out by Tohum Autism Foundation with the support of Garanti BBVA in 2020.

In the reporting period, 2,013 participants followed the events held at SALT locations. The three SALT locations welcomed a total of 144,663 visitors free of charge. On the other hand, 114,534 people attended the online events organized since March 2020.

In 2020, national basketball teams, which have Garanti BBVA as their main sponsor, competed in the qualification rounds of the European Championship. While Pixies of the Court represented our country in the qualification round of 2021 European Women's Basketball Championship, 12 Giant Men competed in the qualification round of 2022 European Basketball Championship.

In this context, Garanti BBVA invested TL 60 million for community investment programs in 2020.

## OUTLOOK

Garanti BBVA aims to develop its community investments so as to produce shared value. In 2021, the Bank will continue to make investments focused on creating high social impact in the

<sup>4</sup> Social Return on Investment (SROI): SROI is an approach created to measure social impact of projects. According to technical literature, projects with an SROI value higher than 1:1 are considered as successful projects in terms of social return, whereas projects within financial sector with an SROI value higher than 2:1 are accepted as very successful.

fields of quality education, entrepreneurship, culture & arts, and environment that make up its priority fields.

## SUPPORTING CUSTOMERS TO GROW THEIR BUSINESSES SUSTAINABLY

In addition to producing solutions that address the specific financial needs of the SMEs, women entrepreneurs and startups who are key to the sustainable development of the economy, Garanti BBVA aims to support their growth and sustainability, and to help them improve their environmental, social and ethical performance. To this end, the Bank offers training programs and consultancy services making use of its human and intellectual capital as well, while also making various platforms available to them and establishing collaborations. With its support to the economic sustainability of SMEs, Garanti BBVA also creates employment opportunities indirectly and contributes to the sustainable development of Turkey.

### WHAT WE DID IN 2020

Garanti BBVA helps flourish the entrepreneurial ecosystem in Turkey, and targets to support and accelerate early startups and initiatives with the potential to attract investment and grow. Through Garanti BBVA Partners Acceleration Program, the Bank supports early startups of any scale and sector, the SMEs and growing ventures. Under the holistic support mechanism covering provision of office space, mentoring, networking, marketing and training support, the Bank offers versatile and differentiated services at every stage of the entrepreneurial cycle. This year, Garanti BBVA hosted 5 startups and the total amount of investments granted to startups included in the Program exceeded TL 22 million.

Garanti BBVA facilitates women entrepreneurs' access to financing, executes free-of-charge educational collaborations to ensure sustainability such as the Women Entrepreneurs Executive School, and encourages them to realize their full potentials through Turkey's Woman Entrepreneur Competition. With the Women Entrepreneurs Meetings, which attracted the participation of 8,500 women to date, the Bank seeks to help

women entrepreneurs build new collaborations and penetrate new markets through experience and information sharing that they need. Women Entrepreneurs Meetings conducted on digital platforms this year served to share experiences with a higher number of women entrepreneurs. The SROI (Social Return on Investment) value of the Women Entrepreneurs Executive School project is estimated as 5.

**This year, Garanti BBVA hosted 5 startups and the total amount of investments granted to startups included in the Program exceeded TL 22 million.**

Within the frame of the international borrowing program, Garanti BBVA, in cooperation with the World Bank-member IFC, introduced a social bond for the amount of USD 75 million with a maturity of 6 years to be used for financing women entrepreneurs. The Bank carried on with on-lending of this fund, which is the first social bond issued by a private bank in an emerging country, to women entrepreneurs in 2020.

For Garanti BBVA, it is also important to keep the SMEs advised of the developments in their sectors and matters affecting their business lives. The KOBİ Girişim magazine published for many years in cooperation with the Economist Magazine is mailed free-of-charge to all our SME customers electronically.

Also in the reporting period, Garanti BBVA continued to share information with its internal stakeholders, as well as external stakeholders including international financial institutions, clients and non-governmental organizations about innovative environmental, social and governance practices in Turkey, sustainable financing products that support equal opportunities to women and men employees in companies, digitalization, transparency and the new trends in non-financial reporting.

Furthermore, in 2020, the Bank sustained its information provision about the most current topics related to national and global sustainability trends, sustainable bonds and loans markets, international guidelines and best practices in environmental and social risk management at events such as the CDP Turkey Workshop, of which the Bank is the main sponsor and supporter, and The Sustainable Finance Forum, in the launch meetings of international principles such as the UNEP FI of which it is a founding signatory, and two live streaming events that it took part in during the year.

In this framework, 22 different topics were addressed in a total of 7 events during 2020, and information was provided to corporate and commercial customers and financial institutions on a one-on-one basis.

In addition, training programs were organized to enable Corporate Banking teams to give more comprehensive support to customers in relation to sustainable bonds and loans markets and innovative sustainable financial products.

## OUTLOOK

In 2021 and beyond, Garanti BBVA will continue to highlight entrepreneurship, digitalization, sustainable finance, the combat against climate change, and environmental and social risk management issues in its capacity building efforts. Organizing summits and meetings where stakeholders can share experiences and information, and providing informative trainings on emerging new trends will continue to play a key part in the support extended to customers. Setting up partnerships and specialized teams and providing technical support making use of technological infrastructure in various topics such as sustainable finance and digitalization will be a part of the roadmap for the years ahead. Informing the customers on environmental and social trends will continue to take an important place in the Bank's agenda.

The Bank will make use of the existing international channels and platforms such as the United Nations platforms in designing capacity building initiatives.

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# REACHING MORE CUSTOMERS



**İLKER YAVAŞ**  
Director - Abacus Operation Center



**IŞIL AKDEMİR  
EVLIOĞLU**  
Executive Vice President -  
Customer Solutions and  
Digital Banking



**TUBA KÖSEOĞLU  
OKÇU**  
Director - Learning  
and Development



**MÜGE TÜRÜT**  
Istanbul, Suadiye  
Branch Manager



**ALİ ÖZGÜR TÜZEMEN**  
Director - Data and  
Business Analytics



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watch the video.

TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# Reaching More Customers

 5,259  27 min  10  customers

Material Topics	Value Drivers	Indicators	2019	2020
<p><b>BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b></p> <p><b>EASY, FAST &amp; DIY</b></p>	<p><b>BE WHEREVER OUR CUSTOMERS ARE, EFFECTIVELY USE NEW CHANNELS SUCH AS DIGITAL ONBOARDING AND PARTNERSHIPS</b></p>	Customers	17,639,895	18,779,492
		Digital banking customers	8,352,034	9,571,289
		Mobile banking customers	7,731,683	9,074,914
		Digitally Onboarded Customers	3,100	15,544
		Yearly transactions performed through Internet and Mobile Banking channels	428 million	580 million
	<p><b>EXPAND OUR CUSTOMER BASE AND DEEPEN OUR CUSTOMERS' RELATIONS WITH OUR BANK</b></p>	Number of Garanti BBVA Log-ins	1,5 billion	2 billion
		% of Active Digital Customers	73.4%	79.2%
		Branches	914	894
		ATMs	5,260	5,309
		Number of cardless transactions via Garanti BBVA ATMs	44,8 million	59,3 million
	<p><b>GROW IN AREAS OF FOCUS WHILE KEEPING AN EYE ON RISK AND COST</b></p>	Amount of cardless transactions via Garanti BBVA ATMs (TL billion)	26,7 billion	50,7 billion
		Number of Transactions performed with QR (million)	29,4 million	51,2 million
		POS Terminals	651,860	684,896
		Number of Merchants	400,700	406,258
		Credit Cards	10,131,725	10,308,368

Contributed Sustainable Development Goals





## DIGITALIZATION FOR UNRIVALED CUSTOMER EXPERIENCE AND VALUE CREATION THROUGH DIGITALIZATION

As digitalization changes the way companies do business, it is also rapidly transforming customer demands and consumption model. The fact that people spend most of their time on mobile platforms paves the way for companies to scheme their businesses on a mobile-to-mobile format. Therefore, mobile banking platforms come to the fore as the key channel of customer interaction for banks. As the way of doing business and products are digitalized, the resulting customer experience is also completely digitalized. Strictly focused on offering a better experience on digital channels at all times and a follower of omni-channel strategy, Garanti BBVA aims to reach the users at the right time with the right message. Since the banking business requires an intensive set of functions, it becomes more and more important to balance it with a simple user experience. Garanti BBVA puts emphasis on creating unrivalled user experience through thorough analysis of data, and determines any deficiencies by way of regular usability surveys, thus ensuring sustainability of perfect experience. The Bank acts with the consciousness that "human" is at the center of each and every service or design.

Smart decision techniques are employed to approach customers through the best-fitting channel. Technology is utilized to upgrade customer experience; developments continue on every possible platform based on the Bank's vision of being accessible by customers anywhere they need banking services.

Furthermore the Bank transforms digital channels into an environment where customers can receive financial advisory. The Bank also contributes to its customers' preparation for the digital future by developing financial tools supporting digital transformation. Taking digital channels way beyond being merely a platform for transacting and product applications, the Bank acts with the vision of delivering an experience that

interacts smartly with the customers at every point and that establishes a true bond of trust.

Garanti BBVA aims to maintain its leadership in digital channels by continued monitoring and implementation of new technologies putting mobile channels at the heart of this experience.

**With "Garanti BBVA'ya Sor" (Ask Garanti BBVA), which is the first 24/7 social media customer satisfaction channel in the Turkish banking sector, the Bank offers an efficient customer satisfaction service.**

Garanti BBVA takes care to listen to the needs of its customers on every channel they are present and to develop fitting solutions. With "Garanti BBVA'ya Sor" (Ask Garanti BBVA), which is the first 24/7 social media customer satisfaction channel in the Turkish banking sector, the Bank offers an efficient customer satisfaction service. On social network platforms, Garanti BBVA carries out initiatives that contribute to business results by offering a description of products and services supporting its corporate image, and that are intended to make customers' lives easier with contents on financial and digital literacy, which are at the same time aligned with the entertaining and dynamic nature of social networks.

On average, 45 thousand related content is followed up and an average of 7 thousand customers are responded to every month. With the growing use of social media platforms by users, the number of customers contacting the Bank via Ask Garanti BBVA increases every year. The usage of social media

channels is increasing visibly within all communication channels of the Bank. While social platforms had 7.6% share within total complaints received by the Bank in 2015, this ratio is around 20% today. Rapid responses provided to customer suggestions, comments and complaints contribute to customer satisfaction.

In view of the number of platforms it makes use of for social network interactions, Garanti BBVA boasts the most comprehensive complaint handling capability in the financial services sector.

The Executive Vice President in charge of digital banking responsible for digital channels, customer contact center, customer analytics, innovation and product development, customer experience and satisfaction, together with the Executive Vice President in charge of technology, operations, organization and process development, leads digital transformation within the Bank, in collaboration with the senior management team. Furthermore, the Board of Directors closely monitors the progress and the performance.

## WHAT WE DID IN 2020

Managing the largest digital customer base among the private banks in Turkey, Garanti BBVA Digital Banking enables 9.6 million digitally active customers to execute any banking transaction anytime, anywhere, with 5,309 Garanti BBVA ATMs, an award-winning Customer Contact Center, Garanti BBVA Mobile and Internet that have been leading novelties. While about 9 million of these customers actively use mobile banking, 7 million are mobile-only customers. Approximately 580 million transactions are performed through Internet and Mobile banking channels annually. Utilizing digital channels effectively, 97% of all non-cash financial transactions go through digital channels at Garanti BBVA. The number of monthly logins to Garanti BBVA Mobile also increases regularly and we have reached 2 billion logins in 2020. Aiming to offer its customers an instant, convenient and seamless experience, Garanti BBVA succeeds in remaining the leader of digital banking year after year.

This year, in a world where branches were unable to offer service due to the pandemic, digital channels went beyond being an alternative and came to the fore as the sole banking method. The entire sector discerned that fully digitalized banking enabling 100% remote execution of processes, a concept long owned by Garanti BBVA, was not the vision of a remote future but the necessity of today's world.

Keeping the trade running during the pandemic was critical for the national economy to come through this transition period as healthily as possible and for keeping the daily life from limping. In this context, the sole enabler of uninterrupted and smooth continuation of financial life was the power of digital channels. In this process, all sorts of needs of corporate customers could be fulfilled instantly through the digital channel network and remote access capabilities. Contingency action plans were implemented and projects that would contribute to digital channel use were prioritized in an effort to service more customers during the pandemic.

## Utilizing digital channels effectively, 97% of all non-cash financial transactions go through digital channels at Garanti BBVA.

During 2020, 134,000 enterprise customers became first-time digital customers. Continuous developments are in progress to become digitally accessible by a larger group of corporate customers and to present them with more secure and faster ways to log in to digital channels and access their personal accounts. Customers having a commercial presence embodying several companies or those managing both their own personal

accounts and company accounts naturally need to switch between accounts, and logging-out just to re-log-in wasted time. "Switch User" feature among digital channels provided a faster transition between a customer's own accounts.

## EMPOWERING CUSTOMERS

Garanti BBVA analyzes customer behavior with a data-driven approach and develops its platforms according to customers' needs along the way. For these developments, the Bank undertakes detailed customer life cycle analyses.

Acting with the vision of always making life easier for its customers wherever they may be, Garanti BBVA now offers service also via its corporate WhatsApp account. Furnishing support to its customers through virtual assistants for a long time, the Bank also launched WhatsApp chatbot service in addition to the voice assistant UGI and the chatbot service on Facebook Messenger. Customers can quickly find solutions to their problems and get detailed information about products and services by exchanging messages through the WhatsApp platform they heavily use in their daily lives. Garanti BBVA Corporate WhatsApp line is accessible 24/7 by saving the phone number +90 444 0 333 or from the "Contact Us" page on Garanti BBVA Mobile.

## WHAT WE DID IN 2020

In 2020, Garanti BBVA Mobile's smart assistant UGI began offering support to customers in writing, in addition to voice communication, thanks to its revamped visage and infrastructure. This way, users, at their option, can receive support in a number of banking matters in writing in locations where they wish to avoid communicating orally. In addition, the new infrastructure lets UGI understand users better and provide support with a much broader transaction set. While furnishing all these services, Garanti BBVA acts with the awareness of the importance of adding the human touch wherever needed. The Bank is headed towards a structure where users, when unable

to find a solution talking to the virtual assistant, will be able to receive customer representative support without logging out of Mobile. Along this line, it is working towards making Garanti BBVA Mobile the main center of customer experience. With the guidance provided by Garanti BBVA Mobile's smart assistant UGI, customers can receive banking support and perform their transactions within the mobile app by reaching live support assistants through Live Chat, the newly developed channel that is currently in pilot run.

Quick Loan is another feature aimed at being there for the customers at the time of need. Using this function, every user, whether or not a Garanti BBVA customer, can find out about the amount of loan they can get with a brief journey using the form "How much can I borrow?" available on [garantibbva.com.tr](https://garantibbva.com.tr), and have the loan deposited in his/her account instantly. After filling in the "How much can I borrow?" form, non-customers are referred to the onboarding process, and then complete the borrowing transaction with a frictionless process experience.

The Bank aims to create fully digital products designed to respond to customers' all needs as they remain at home. Garanti BBVA customers can promptly become a Bonus Dijji credit card owner, for which they can apply through [bonus.com.tr](https://bonus.com.tr); following application approval, they can digitally approve credit card agreements without the need to execute a wet signature. This way, they no longer need to wait for receiving the plastic card and can instantly start using their credit cards for online shopping, or in business places, using the QR or NFC technology via their mobile phones. Bearing only the cardholder's name and surname on it, and associated card number, expiry date and security code viewable only on Garanti BBVA Internet, Garanti BBVA Mobile and BonusFlas, Bonus Dijji card offers customers a more secure shopping experience.

Another tool backing digital transformation is Salary Company Acquisition; enterprises can easily complete Non-Promotion

Salary Agreements and Institution Code creation processes via Garanti BBVA Mobile, without going to a branch.

At the same time, Garanti BBVA generates targeted solutions to ensure customer engagement offer the products that best fit their needs, and thus touch the customers instantly. For example the Canceled Ticket Insurance provides assurance for the ticket price against last-minute changes in travel plans, and 90% of the fare unreturned by the airline is reimbursed by the insurance policy subject to certain principles, in case of cancellation of a purchased airline ticket. FX Pricing Engine is another example in this sense. This function renders the exchange rates offered via Garanti BBVA's digital channels according to the customer's FX transaction volume and habits, and segment-based exchange rates are displayed.

Garanti BBVA is working to offer its customers a holistic user experience. The Bank has been striving to provide branch comfort on digital channels for customers wishing to perform their banking transactions without leaving their homes, particularly since March because of the pandemic. With the renewed Do It Digitally feature, the Bank tells users in detail about the transactions they can perform via Garanti BBVA Mobile with the aim of offering them the best experience. The Bank also enjoyed the advantage of possessing the capabilities that fully satisfy the increased need for contactless transacting in this period. Garanti BBVA Mobile users are able to easily carry out Withdrawal, Deposit, Transfer, Credit Card Debt or Credit payments with QR code via ATMs, without making a branch visit. During this period, the ratio of retail customers performing Money Withdrawal with QR reached 27%.

Garanti BBVA continues to author novelties that make customers' lives easier also in money transfers. Money transfer without IBAN or Account Number is enabled by matching personal data such as Mobile Phone No., T.R. ID No. and e-mail with the IBAN for retail customers, and by matching Mobile Phone No., Tax ID No, and e-mail for corporate customers. In 2021, QR services will be updated according to TR Karekod

(Turkish 2D Code) Standard, and transactions customers can perform via digital channels will continue to be enriched.

Garanti BBVA maintains its customer-centric perspective for all products and transactions made available on various channels. The Bank offers a similar experience for these products and transactions on all of its platforms. While transactions performed on any channel can be followed up on another, specific requirements of each channel are also taken into consideration. While channel-specific campaigns are offered for products, it is ensured that the same rates are available on all channels.

In brief, Garanti BBVA keeps implementing its customer empowerment strategies based on its customer-centric perspective and its solutions putting technology in their focus on all of its channels.

## MOBILE BANKING

The number of monthly transactions carried out through Garanti BBVA Mobile surpassed 55 million. Active digital customers increased to 9.6 million while mobile-only customers significantly grew to 9 million. Garanti BBVA Mobile got 82.6% share of non-cash financial transactions. The number of active mobile banking customers grew by 17% in the twelve months to end-2020.

**While the number of active digital customers increased by more than 1.2 million to 9.6 million, the number of customers using mobile channels increased by more than 1.3 million to over 9 million.**

Aiming to enable customers to satisfy all their banking needs on digital channels and deliver a perfect experience, Garanti BBVA further improved the available capabilities and also enriched its digital channels with new and innovative solutions in 2020.

Targeting to accompany users at every step of their daily lives, Garanti BBVA put an end to "insufficient balance" era in public transportation, the most frequent problem of users, and launched top-up function for İstanbulkart, the prepaid transportation card for İstanbul, in addition to Kentkart. With İstanbulkart Top-up, the Bank reached more than 200 thousand customers, and successfully created a value that touches customers' lives.

Garanti BBVA users are given the capability to access e-Government gateway through Garanti BBVA Internet and Mobile channels.

Smart Transactions on Garanti BBVA Mobile application are intended to let users execute their daily banking transactions more easily and gain awareness of their finances. In addition to the "Regular Deposit Order" and "Spend and Save" rules previously introduced, "Pay Bill" and "Regular Gold Saver" rules were launched. Customers using the Regular Gold Saver function can regularly save up gold in predetermined gram equivalents of gold every month. With the Pay Bill function, customers can easily view their frequent bill payments and issue an automatic payment order, keeping their bills under control. Customers can save up easily thanks to Smart Transactions, and thus, become financially healthier. The Bank targets to introduce new features that will help customers easily manage their financial activities under Smart Transactions.

Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions. Additionally, these surveys keep user experience in the focal point in new products to be launched. Some developments along this line include the following:

→ Home pages of the mobile application was redesigned in a simpler and more usable format and usability issues were resolved.

→ Transactions that would compel a branch visit for users were identified and these steps were made available on digital channels. They can now be easily completed on digital channels with technologies such as NFC, video call, etc. In addition, the steps on digital channels were explained to low-digital users under the Do It Digitally page during this period.

→ WhatsApp chatbot and UGI experience, which were upgraded to respond to identified needs more rapidly, provided areas where users can easily find the answers for their needs.

## INTERNET BANKING

Garanti BBVA continues to touch its customers and listen to their voices on all of its channels. Through the Contact Us section added to Internet banking, the Bank keeps hearing customer opinions through different channels. From the Contact Us section, customers convey their complaints, suggestions and appreciation to customer experience teams, and follow up the responses to their messages and the outcomes of their complaints.

Arrangements targeting frequently made transactions on Internet banking such as money transfer and frequently used products such as loans and credit cards continue on this channel along with those on mobile banking.

In response to the changing circumstances resulting from the pandemic, Garanti BBVA allows customers to easily perform their transactions under any circumstance through installment deferral up to 6 months and term extension up to 12 months in its general purpose, auto and mortgage loans and advance account products.

As the onboarding process has been fully digitalized, non-customers are also able to finalize the loan applications initiated

through [garanti.com.tr](http://garanti.com.tr) on Garanti BBVA Mobile by becoming a customer of the Bank, and take out the loan.

### **GARANTI BBVA ATM**

Garanti BBVA ATM network reached 5,309 ATMs in 2020. While 337 million transactions were carried out from the ATMs, the number of contactless transactions exceeded 59 million. The ratio of money withdrawal and depositing with QR increased by 60% on average, whereas the ratio of money withdrawal with QR approached 30% within all withdrawals. SIM card change notification was added to the transaction set, thus enabling customers unable to perform this procedure via Garanti BBVA Customer Contact Center to do it without a branch visit. For customers who do not use Mobile and Internet channels, the feature for easily getting a digital password from the ATM was launched. Retail customers' receipt preferences were made applicable for all their cards, a step that decreased receipt consumption and made the transactions environmentally friendlier.

### **BONUS CREDIT CARD**

A new era began, where users will be able to complete the application and approval process for Bonus credit card via [bonus.com.tr](http://bonus.com.tr) website, and start using their virtual cards immediately. Wet signature requirement is cancelled for Bonus credit card applications; moreover, instant use credit card implementation has commenced along with the new regulation in the credit card agreement. When a Garanti BBVA customer who does not have a Bonus credit card applies for one via [bonus.com.tr](http://bonus.com.tr), he/she can digitally complete all the steps within just minutes. A customer whose card application is accepted can approve the Credit Card Agreement within minutes without a wet signature via Garanti BBVA mobile, have his/her new Bonus card immediately, and instantly begin using the virtual Bonus card that will be created simultaneously for online shopping. Physical credit cards are delivered to the customers' addresses, again without requiring a signature on the agreement.

Very soon, customers will be able to digitally approve credit card agreements through all application channels and for all credit card brands.

### **BONUS PIU**

Easy-to-get prepaid Bonus Piu virtual card enabling secure online shopping was put on the market on 28 September 2020. Every user, whether or not a bank customer, wishing to do shopping from e-commerce platforms is able to create Bonus Piu prepaid virtual card by entering the website [bonuspiu.com.tr](http://bonuspiu.com.tr) without having to open a bank account, top up the card and start using it immediately. Anyone without a credit or debit card but having the need to do online shopping (youngsters aged 12-18, frequent shoppers on e-commerce websites, game enthusiasts, etc.) can have prepaid Bonus Piu without paying for a card and usage fee.

Those who wish to use Bonus Piu prepaid virtual card first create their cards on the website. After completing this step, users can load cash to their cards up to determined upper limits with their Garanti BBVA cards, through Garanti BBVA ATMs, through BKM Ekspres or MoneySend or via EFT from other banks, and do shopping.

Game enthusiasts can design their Bonus Piu cards with the visuals of the League of Legends characters, one of the most favored and most played games in the world.

Following the launch, the first co-branding was initiated with [Hepsiburada.com](http://Hepsiburada.com), Turkey's leading e-commerce platform. In this context, users earned 5 percent extra Hepsiburada bonus points for the launch for their shopping worth TL 100 and above after creating their Bonus Piu-Hepsiburada cards specific to the platform through [Hepsiburada.com](http://Hepsiburada.com) website or [bonuspiu.com.tr](http://bonuspiu.com.tr). Users will also be able to apply for physical cards through [bonuspiu.com.tr](http://bonuspiu.com.tr) website very soon.

### **COLLECTION BY CODE**

Collection by Code product was introduced in August, which enables remote payment collection for business places that were forced to close down their physical stores due to the pandemic and did not carry out online sales through their websites.

While Collection by Code made remote collection possible for business places without the need for additional software, card holders can also securely make their payments with the card of their choice through [kod.garantibbva.com.tr](http://kod.garantibbva.com.tr). Quickly familiarizing business places suffering from significant turnover losses with e-commerce, Garanti BBVA made its Collection by Code product available for use by more than 700 business places within a short period of time.

### **BONUS DIJI**

Bonus Dijı card was launched on September 30<sup>th</sup>. Garanti BBVA customers apply for Bonus Dijı credit card through [bonus.com.tr](http://bonus.com.tr); following the approval of the application, they digitally approve their agreements without the need to execute a wet signature, and have their cards immediately; they can start using their cards instantly for online shopping, QR and NFC-enabled mobile payments without waiting for the receipt of the plastic card. Bonus Dijı gives customers access to all features and campaigns offered by Bonus Trink. Moreover, customers do not have to wait to receive their cards; as soon as the application is approved, they can do online shopping using the card number, expiry date and CVV data they can reach through BonusFlas, Garanti BBVA Mobile and Garanti BBVA Internet.

**Number of transactions with GarantiPay, which enables fast and secure payment at more than 2,100 e-commerce businesses without sharing card data increased by 1.8 times as compared to 2019 and topped 3 million.**

Bonus Dijı plastic card bears only the name and surname of the cardholder and not the card number, expiry date and CVV. Customers can view the said card data on BonusFlas, Garanti BBVA Mobile and Garanti BBVA Internet. If they wish, they can easily do shopping using the QR and mobile payment feature through BonusFlas even before taking delivery of their card. In order to open a Bonus Dijı card for use with physical POS devices and ATMs, the Bank must have received the information that the card has been delivered.

Customers already having a Garanti BBVA credit card can apply for Bonus Dijı credit card through BonusFlas, whereas Garanti BBVA customers can do so through [bonus.com.tr](http://bonus.com.tr) and BonusFlas, and will be able to instantly start online shopping, QR and NFC-enabled mobile payments without any additional procedures.

### **BONUSFLAŞ**

With the increased tendency to use digital channels in 2020, BonusFlas continued to be the channel of choice by Garanti BBVA card customers for all their needs associated with cards and payment solutions. BonusFlas made users' lives easier particularly during the period they stayed home with the solutions it offers for e-commerce and contactless payments.

Campaigns organized with rich contents in view of customer needs in this period helped increase campaign enrollments by 1.7 time as compared to 2019 and exceeded 28 million. Payment with QR and Mobile Payment transactions increased by more than 4 folds as compared to 2019, driven by communications and campaigns. Number of transactions with GarantiPay, which enables fast and secure payment at more than 2,100 e-commerce businesses without sharing card data increased by 1.8 times as compared to 2019 and topped 3 million. In addition, the volume of GarantiPay also increased by 2.1 times as compared to 2019 and reached 1.2 billion TL.

## CEPPUS VE ANDROID POS

With the Garanti BBVA CepPOS product allowing SMEs and micro businesses to quickly and securely receive payments through mobile phones, businesses continue to receive contactless payments with their Android mobile phones.

Member merchants that own the product can log in to the app using their Garanti BBVA Internet passwords, and accept fast and easy payment without a password via contactless cards and mobile wallets up to the contactless transaction limit, making use of the NFC (mobile payment) capability of their phones. The app also lets instant tracking of sales and viewing the amounts received in the account.

In addition to Garanti BBVA CepPOS product, a banking payment solution compatible with the new generation Android-enabled physical POS devices was provided, which allows integrated running of different applications adapted to the member merchants' needs on the same device. While this provided end-to-end completion of the sales transaction on a single device, it also paved the way for payment by customers in the department without going to the cashier.

## MEMBER MERCHANT SOLUTIONS

As part of the measures against the pandemic in 2020, POS devices that did not possess contactless payment feature were replaced in order to make customers' lives easier and to allow payments without touching the POS device in the case of face-to-face payments, and payment was facilitated with contactless PIN pads in business places where customer access was restricted. Hence, the number of contactless transactions in 2020 tripled as compared to 2019.

In a similar vein, the number of devices enabling payment with QR code was increased, thus supporting cardless payments and enhancing customer satisfaction.

The Bank enabled Member Merchant applications to be made via the Customer Contact Center and Garanti BBVA Mobile in addition to the branch channel. Upon digitalization of

agreement approvals and necessary documentation uploads, customers wishing to become member merchants were able to complete the application process from their homes or business places without a branch visit.

Garanti BBVA CepPOS product allows micro businesses having a smart Android phone and working on simple entry basis to accept payment quickly and easily with contactless cards instead of cash.

**Prioritizing customers' health during the pandemic, Garanti BBVA renewed POS devices that did not possess contactless payment feature, and the number of contactless transactions in 2020 tripled as compared to 2019.**

On the e-commerce front, all processes touching the customer on the application side were carefully reviewed and upgraded. In this period, application time in virtual POS devices was decreased from 7 days to 2. Initiatives were also commenced that would make everyday lives of existing customers easier.

## OUTLOOK

Democratization of financial data that entered our lives through open banking arrangements will be turned into a experience that will offer the highest benefit to customers in the most secure manner. It is a critical priority in the use of open banking services to provide the customers with the right information at every step of the way, ensure maximum security for customers, and guarantee responsible use of data. In terms of experience, the Bank's priorities both for retail and corporate customers include converting customers' financial data into value-added services so as to facilitate their lives, contributing to their



improved financials with more data-driven advanced analytical models, and enriching holistic Garanti BBVA experiences.

Upon enactment of the Open Banking law in 2020, which will reshape digital banking and payment services also in our country, efforts began to produce new services and products. Through imminent initiatives planned for corporate customers, it is targeted to offer interfaces that will be incorporated within the business cycles of SME customers at a much higher degree and will let them view their cash flows in a much better way, along with a number of new payment solutions. With Open Banking services that will be introduced to our lives in 2021, corporate customers will be able to automatize numerous operational processes through Garanti BBVA Corporate Mobile and Internet channels, and thus achieve increased productivity.

Upon introduction of the regulatory framework and technological advancements, onboarding process will continue on digital channels. With Garanti BBVA Mobile, onboarding starts at Garanti BBVA Mobile and is completed at the branch simply by signing. Thus shortening the onboarding process at the branch, Garanti BBVA carries on with the steps to complete the onboarding process end-to-end digitally upon the regulatory arrangement slated for enactment in 2021. Upon end-to-end digitalization of the onboarding process, the usage of this channel will be expanded through business partnerships. End-to-end digital onboarding process will also be developed for sole proprietorships and salary customers.

Going beyond the goal of enriching the diversity of life-facilitating products and services to customers, giving financial advice to leverage their finances and helping them be prepared against contingencies through early warnings will be among the key focuses of the Bank in the period ahead. Garanti BBVA will carry on with its initiatives and efforts, conscious of the fact that building on customers' financial literacy and helping them be more aware of their finances are among the indispensable factors for customer satisfaction and for fulfilling its social responsibility towards the society as a bank.

Garanti BBVA relentlessly works on new services to be delivered digitally so that customers will be able to execute banking processes without having to go to a branch, and is looking forward to the times these services will be launched. For example, corporate customers provide a great amount of documentation to the bank due to the requirements of commercial life. This prevents end-to-end digital handling of banking transactions for corporate customers at certain points and restricts digitalization. Developments are being finalized to let customers digitally upload the documents they regularly provide to the bank without a branch visit and informing branches of these transactions concurrently.

The Bank targets to set up the smart structures that will offer remote assistance to all corporate customers at times they need support during the ongoing pandemic and thereafter.

Garanti BBVA places much emphasis on more effective utilization of the branch workforce to reach more customers from the corporate world. The Bank targets to have branch employees touch the customers at the maximum extent possible without being pressed under operational workloads and be a part of the commercial life outside, independent from branch locations. The Bank is working on smart tools and service models that will result in more efficient use of the Bank's data, so that existing personnel can use their time more efficiently and thus can reach more customers and so that they are better equipped when responding to customer needs.

Backed by its broad set of initiatives, Garanti BBVA leads sustainability practices. The Bank aims to effectively communicate its sustainability initiatives also through digital channels and to get its users' support as well.

In a bid to deliver the best user experience, Garanti BBVA will maintain constant contact with its users, observe customer journey at all times, and adapt current technology quickly, and thus remain the sector's leader in digital banking.

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# OPERATIONAL EXCELLENCE

**FULYA GÖYENÇ**  
Director - Corporate  
Banking



**ERGUN ÖZEN**  
Board Member



**ÖZNUR METİNER**  
Director - Talent and  
Culture Employee  
Experience



**ERHAN ZEYNELOĞLU**  
CEO - GarantiBank  
International

**SELAHATTİN GÜLDÜ**  
Executive Vice President -  
Commercial Banking



Scan the QR code to  
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TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

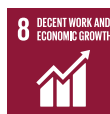
# Operational Excellence - I

 6,298  32 min  14  assets

Related Material Topics	Value Drivers	Indicators	2019	2020 Actual	2020 Projection	Actual vs. Projection
<p><b>#1 CAPITAL ADEQUACY AND FINANCIAL PERFORMANCE</b></p> <p><b>#2 CORPORATE GOVERNANCE AND EFFECTIVE MANAGEMENT OF ALL RISKS</b></p> <p><b>#4 EASY, FAST SOLUTIONS AND DIY OPTIONS</b></p>	<p><b>FOCUS ON SUSTAINABLE GROWTH AND USE OF CAPITAL EFFECTIVELY SO AS TO MAXIMIZE THE VALUE TO BE CREATED</b></p> <p><b>CONSTANTLY IMPROVE AND ENABLE BUSINESS MODELS AND PROCESSES WITH AN OPERATIONAL EFFICIENCY POINT OF VIEW</b></p> <p><b>ACTIVELY MANAGE FINANCIAL AND NON-FINANCIAL RISKS</b></p>	ASSET GROWTH (%)	7%	26%	-	-
		TL LOAN GROWTH (%)	7%	33%	~25%	Beat
		FC LOAN GROWTH (%)	(6%)	(1%)	Contraction	In-line
		NPL RATIO (%)	6.8%	4.5% (5.7% when adjusted with TL 4.7 billion written-down)	~6.5%	Beat
		NET COST OF RISK (BPS)	272	231	<300 bps	Beat
		NIM INCL. SWAP COSTS EXCL. CPI (%)	4,3% (+78 bps YoY)	14 bps expansion (21 bps expansion incl. CPI)	50 bps expansion	Miss (due to higher-than-projected rise in funding costs and denominator effect)
		FEE GROWTH (%)	23%	+5%	High single-digit contraction	Beat
		OPEX GROWTH (%)	18%	15% (Bottom line impact: <9%. Due to hedging mechanisms and preset provisions)	<10%	In-line
		COST / INCOME <sup>1</sup> (%)	39%	36.5%	-	-
		LEVERAGE	6.9x	7.7x	-	-
ROAE (%)	12.4%	11.0% (adjusted with free provisions: 14.4%)	10-13%	Beat (Adjusted with unbudgeted free provisions)		
CAPITAL ADEQUACY RATIO (%)	17.8%	16.9% (Excl. BRSA temporary measures)	-	-		
CET-1 RATIO (%)	15.4%	14.3% (Excl. BRSA temporary measures)	-	-		

<sup>1</sup> Income defined as NII + Net F&C + Trading gains/losses excluding FX provision hedges + Other income excluding provision reversals + Income from subsidiaries

Contributed  
Sustainable  
Development Goals



## FINANCIAL PERFORMANCE

For Garanti BBVA, financial performance is at the core of value creation process and is both the cause and effect in delivering sustainable growth. The Bank has a direct and indirect impact on the economy, by making its products available to customers, investing in its facilities and constantly improving its business model and processes with an operational and environmental efficiency point of view.

Aiming to use capital effectively to maximize the value created, Garanti BBVA focuses on disciplined and sustainable growth on the basis of a true banking principle with strict adherence to solid asset quality and prudent stance. Combining this approach to unconditional customer satisfaction with its robust capitalization and a focus on efficiency, Garanti BBVA sustains its contribution to the economy through effective balance sheet management.

In 2020, Garanti BBVA increased its consolidated total assets by 26% on an annual basis, bringing it to TL 541 billion, attained 29% growth in total performing loans and increased the percentage of interest-earning assets to total assets from 82% to 84%. Standing by its customers at all times, Garanti BBVA brought the share of loans within total assets from 60% to 62%. Today, Garanti BBVA pioneers the sector across various segments from retail banking to payment systems, mortgages to auto loans, SMEs to project finance, transaction banking to digital banking.

Garanti BBVA preserved its liquid balance sheet composition with the help of its prosperous dual currency balance sheet management in 2020 that was characterized by high volatility induced by the pandemic. Diversified and dynamic funding base of the Bank continued to be largely composed of customer-driven deposits. Growth rate in customer deposits base was 30%, parallel to the expansion in lending, which helped Garanti BBVA keep its loan to deposit ratio (LDR) at 94% on a consolidated basis. Garanti BBVA's strength in consumer deposits is the outcome of its innovative business model, which places customers' needs and satisfaction at the core of its business.

Lending rates relatively decreased as a result of the financial support packages made available to the sector because of the pandemic. The plunged currency followed by expansionary policies, in conjunction with stronger domestic demand triggered inflation. The CBRT began implementing tight monetary policy due to inflationist pressures, resulting in higher funding costs in the second half of the year. In spite of the growing pressure of funding costs and declined lending rates, Garanti BBVA succeeded in expanding its Net Interest Margin (NIM) as compared to year-end 2019 thanks to its diversified funding structure, increased share of demand deposits in total deposits, and income on CPI-linkers. Garanti BBVA was able to increase its NIM including swap costs by 21 basis points on a year-over-year basis, and with 5.4%, continued to have the highest NIM level among its peers.

Garanti BBVA follows a prudent and risk-return focused lending strategy. The Bank displays a proactive and consistent approach to risk assessment that ensures preservation of its solid asset quality. In the reporting period, provisions remained high for maintaining the prudent stance due to negative effects stemming from the pandemic, decelerated economic activity and increased unemployment. Net cost of risk, excluding currency impact, was 2.3% in 2020. Since the Bank maintains on-balance sheet FX long positions against currency impact on provisions, increased provisions resulting from devaluated currency does not have an effect upon bottom line profit. Payment deferral was introduced in an effort to support the sector players against the pandemic-related challenges in 2020, and the time allowed for loans to remain unpaid before they are classified as NPL was doubled to 180 days from 90 days. Therefore, net new Non-Performing Loans (NPL) remained on the negative side. Due to this arrangement, the NPL ratio went down from 6.8% in 2019 to 4.5% in 2020 with the effect of the strong growth in lending and loans written down.

Garanti BBVA's diversified and actively managed funding base, its capital adequacy ratio of 16.9% excluding BRSA's temporary measures, its growing deposits with approximately 19 million customers' trust, and continuous access to foreign funding sources bolster the Bank's business model and long-term sustainable growth.

Its business model, along with its well-diversified fee sources and its further digitalized processes, support the Bank's ability to generate sustainable income. All of them combined secure the highest net interest margin, and the highest net fees and commissions base among its peers. Furthermore, Garanti BBVA maintains its focus on efficiency and effectively manages its operating costs to foster sustainable value creation.

## ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT PAYMENT CAPABILITY

2020 was characterized as a year when the Covid-19 pandemic dominated global economy and markets, central banks quickly loosened their monetary policies, monetization increased, and countries implemented comprehensive fiscal incentives in their fiscal policies. On another note, significant shrinkage in domestic - and international trading volume were the main risks facing the economies.

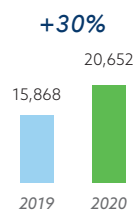
Although Turkish assets experienced a market environment of flexible monetary policy and loose liquidity conditions for a substantial part of the year in an effort to restrain the effects of the pandemic, tightening monetary policy regained importance with the deteriorated inflation outlook in the last quarter of the year, and interest rates took an upturn. In this context, credit expansion calmed down in keeping with the normalization steps taken in relation to the economy in the last quarter.

Garanti BBVA continued to extend loans to its customers, while paying attention to maintaining its asset quality at times when TL interest rates and the country risk premium were high, and strove to help mitigate the economic toll the pandemic took on its customers. At the same time, the Bank was able to remain quite healthy in terms of liquidity during 2020.

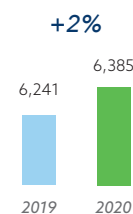
## 1. SOLID AND SUSTAINABLE PRE-PROVISION PROFIT GENERATION CAPABILITY

In a year of high volatility, Garanti BBVA was able to elevate its pre-provision income by 30% year-over-year, and set aside TL 2 billion 150 million in free provisions during the year based on its cautious risk policy, bringing total free provisions to TL 4 billion 650 million; the Bank booked TL 6 billion 385 million in consolidated income. Garanti BBVA's dynamic balance sheet management was reflected on the robust and high quality earnings, delivering a Return on Average Equity (ROAE) of 11.0% and Return on Average Assets (ROAA) of 1.3%. Adjusted with free provisions, ROAE was 14.4% and ROAA was 1.8%.

### PRE-PROVISION INCOME (TL million)



### NET INCOME (TL million)

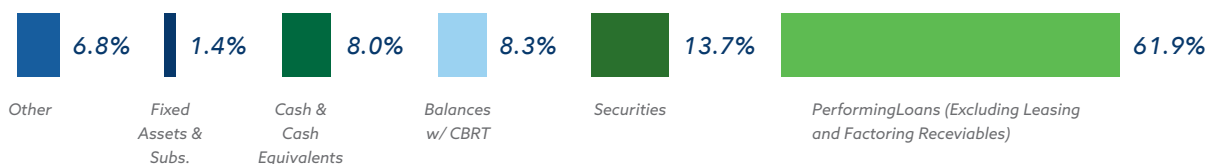


Note: Pre-provision income = Net income + expected credit loss + tax provisions - FC loan provision hedges - Provision cancellations under other operating income

## 2. CUSTOMER-DRIVEN AND HIGH-YIELDING ASSET MIX

In a year when the real sector's need for liquidity was high and credit expansion was extremely strong, Garanti BBVA increased its consolidated assets by 26% on an annual basis, bringing it to TL 541 billion, and increased the percentage of interest earning assets in total assets to 84% by attaining 29% growth in total performing loans. While the securities portfolio was strategically managed as a hedge against volatility, loans constituted 62% of assets.

### ASSETS (TL 541 BILLION)



## 2.1 BALANCED LENDING MIX

Companies' increased need for liquidity in the first half of 2020 due to the pandemic brought along a strong expansion in business banking loans. On the other hand, in the second half of the year, consumer loan demand recovered owing to recuperated economic indicators.

Garanti BBVA preserved the balanced composition of its loan portfolio also in 2020. Total performing loans was made up of business banking loans by 33%, consumer loans by 29% and FC loans by 38%.

TL loans grew by 33%. While annual TL loan expansion occurred in all business lines, TL business banking loans were the driving force behind growth (40% annual growth). TL consumer loans showed a recovery in the second half of the year. (25% annual growth including individual credit cards).

Shrinkage in foreign currency loans continued due to declined credit demand because of the volatile currency. FC loans ended the year with 1% contraction.

### 2.1.1 LEADING POSITION IN RETAIL BANKING

With its effective delivery channels and successful relationships with its customers, Garanti BBVA's market share in retail lending among private banks is 21%. Preserving its leading position in retail products, Garanti BBVA continues to respond to its customers' needs with its 884 branches spread around all the cities in Turkey.

## MARKET SHARES<sup>1</sup>

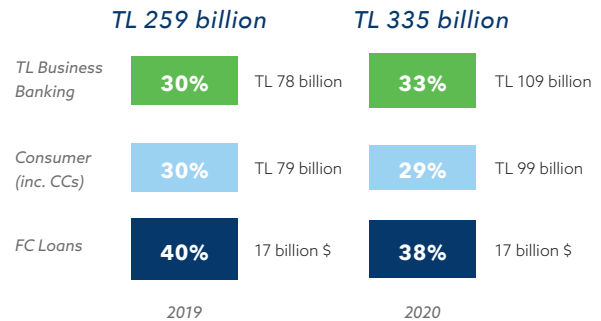
	DECEMBER'20	QOQ	RANK
Consumer Loans (Credit Card inc.)	11.7%	+12bps	#1*
Consumer Mortgage	8.5%	+5bps	#1*
Consumer Auto	26.5%	+20bps	#1*
Consumer GPLs	11.1%	+23bps	#2*
TL Business Banking	8.3%	+27bps	#2*

\* Market shares and rankings are among private banks, as of September 2020.

<sup>1</sup> Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 31.12.2020

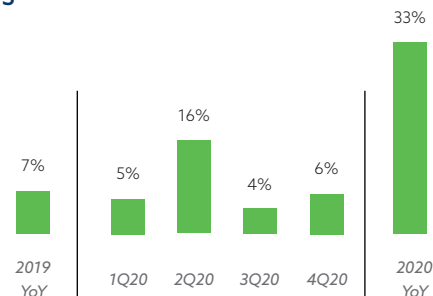
## LOAN PORTFOLIO

(62% of Total Assets)

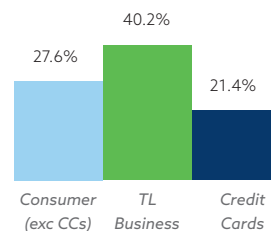


## TL LOANS

(Growth, %)

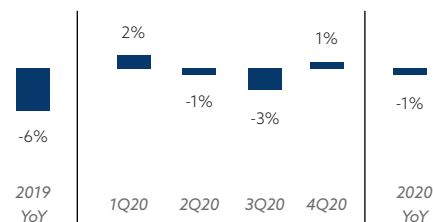


## TL LOAN EXPANSION BY PRODUCT

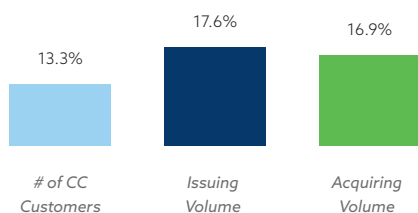


## FC LOANS

(Growth, %)



## PIONEER IN CARDS BUSINESS<sup>1</sup>



<sup>1</sup> Cumulative figures as of December 2020, as per Interbank Card Center data.

Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 31 December 2020. Market shares among private commercials banks.

### 2.1.2 PIONEERING PAYMENTS SYSTEMS

Garanti BBVA commands a pioneering position in payment systems and credit cards with Garanti Payment Systems, which was founded 21 years ago. With 684,896 POS devices and a market share of 17.6% in issuing volume and 16.9% in acquiring volume, it is one of the leading players in the market.

### 2.1.3 FOREIGN CURRENCY LENDING

Investment appetite remained weak due to ongoing domestic and global uncertainties. The decreasing demand combined with Garanti BBVA's risk/reward priorities and rational pricing focus reflected on the Bank's large base of Foreign Currency (FC) loan book, and FC loans portfolio shrank 1% in USD terms.

Garanti BBVA continued to support Turkey's sustainable growth with its pioneering role in the project, acquisition and structured finance. Despite challenging market conditions, Garanti BBVA's new loan commitments in 2020 reached approximately USD 1.3 billion. The portfolio was worth USD 10.4 billion as at year-end 2020 including the new loans extended and the repayments made during the reporting period.

In 2020, financing needs in the energy sector decreased due to hardships stemming from the pandemic and the loss of momentum in energy investments. As in earlier years, new financing activities concentrated mostly in renewable energy projects. Taking place in the financing of renewables only since

2015, Garanti BBVA continued to support renewable energy investments that are vital for Turkey's sustainable growth in spite of the difficulties presented by the year. In addition to this support, the Bank participated in Turkey's biggest-ticket sustainability-linked loan package for Enerjisa with EUR 140 million and was involved in this facility as a Sustainability Agent. Within the frame of our sustainable goals, we are proud of another major step with respect to our principles for green power generation and supporting gender equality in business.

In the Public Private Partnership (PPP) and infrastructure sector, Aydın-Denizli Motorway and Nakkaş-Başakşehir Motorway tenders took place in the reporting period. In addition, the tenders were carried out also for the High Speed Train Projects, the financing of which is anticipated to be closed in 2021 and which will be constructed with the EPC-F method. We are expecting 2021 to be a more active year in the field of infrastructure financing. Mega projects such as motorways and high-speed railways will presumably take to the fore in terms of financing need. In 2021, our Bank will continue to support PPP and infrastructure projects, as it has done in previous years.

For the Credit Sales and Syndication team that buys and sells loans for concentration risk and balance sheet management purposes, 2020 has been relatively quiet as compared to previous years. The number and volume of transactions in the sector were quite low than before.

In terms of M&A, the course of the pandemic in 2020 affected transaction closures in Turkey, as it did for the rest of the world. Stagnant at the start of the year, the M&A market gained momentum after June. As market dynamics picked up, the Project Finance and Corporate Finance teams organized under Garanti BBVA Investment Banking and Finance team kept playing an active role in acquisition transactions drawing on the synergy they create. Despite the negative effects of the pandemic, the Corporate Finance team advised and successfully finalized 5 M&A transactions during the reporting period, exhibiting a leading stance. Project Finance and Corporate Finance teams successfully coordinated and completed the sales of

Zorlu Rüzgar with a total installed capacity of 80 MW to Akfen Yenilenebilir, and of Bereketli WPP having an installed capacity of 32 MW to İş Portföy Yönetimi A.Ş. Altyapı Girişim Sermayesi Yatırım Fonu, which take place among the largest acquisition deals of 2020 in the renewables sector. In 2021, we are anticipating sustained improvement in the interest towards the Turkish market and assets, and hence, continued betterment of financing demand. We are also expecting public offerings and M&A deals to be more active as compared to the previous year. As Garanti BBVA, we will keep supporting the sector with financing and advisory services.

### 3. PRUDENT APPROACH AND SOLID ASSET QUALITY

Garanti BBVA constantly displays a proactive and prudent approach to risk assessment. Accordingly, the performing loans book is monitored in two categories: Stage 1 and Stage 2. Stage 2 loans are subjected to quantitative (Significant Increase in Credit Risk) or qualitative (Watchlist, Overdue, Restructured) assessment using IFRS 9 models. In 2020, there was TL 14.3 billion rise in the Significant Rise in Credit Risk book after the annual IFRS-9 calibration, which drove the share of Stage 2 loans in total lending upward. However, it is worthwhile to state that 90% of the Significant Rise in Credit Risk (Qualitative) book are loans that are not overdue. The share of Stage 2 loans of Garanti BBVA in total loans went up from 14% in 2019 to 17% in 2020.

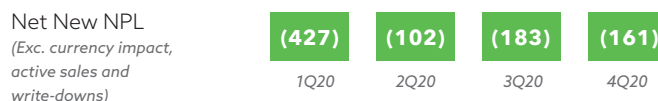
48% of Stage 2 loans consist of loans classified as quantitative, whereas 52% consist of those classified as qualitative. Total provision ratio of Stage 2 loans is 14.4%.

New additions to Stage 3 loans were negative due to deferred collection of payments and doubling of the time for putting a loan under follow-up from 90 days to 180 days introduced by the regulatory authorities. NPL ratio was decreased from 6.8%

in 2019 to 4.5% in 2020 due to the solid expansion in lending, negative net new additions to NPL book, and written-down loans. In 2020, cumulative net Cost of Risk (CoR) and NPL ratio were lower than our year-end projections.

### NPL EVOLUTION<sup>1</sup>

(TL million)



#### NPL

4.5%

GUIDANCE  
MET

#### CoR

231BPS

GUIDANCE  
MET

(Exc. currency impact)

### 4. DEPOSIT DRIVEN & HEAVY WITH LOW COST & STICKY DEPOSITS FUNDING BASE

Garanti BBVA preserved its liquid balance sheet composition with the help of its prosperous dual currency balance sheet management in 2020, a year that was characterized by high volatility induced by the pandemic. Diversified and dynamic funding base of the Bank continued to be largely composed of customer-driven deposits. Growth rate in the customer deposits base was 30%, parallel to the expansion in lending, which helped Garanti BBVA keep its loan to deposit ratio (LDR) at 94% on a consolidated basis.

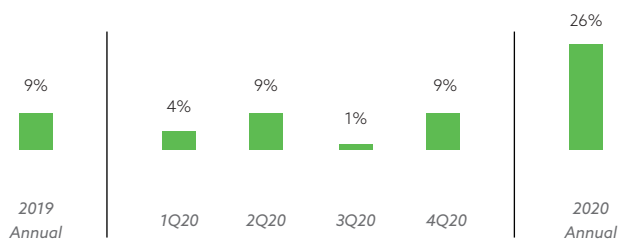


Garanti BBVA's strength in consumer deposits is the outcome of its innovative business model, which places customers' needs and satisfaction at the core of its business. The Bank kept focusing on sticky and low-cost mass deposits during 2020. As at year-end 2020, SME and consumer deposits, which can be considered as sticky and low-cost, had 73% share in TL customer deposits and 77% in FC customer deposits.

Garanti BBVA has a solid demand deposit base that supports funding cost optimization. The Bank also further strengthened its demand deposit base by 76% on an annual basis and succeeded in increasing the share of demand deposits in total deposits by 12 points, compared to the sector's average of 9 points, to 44%, outperforming the sector's average of 31%.

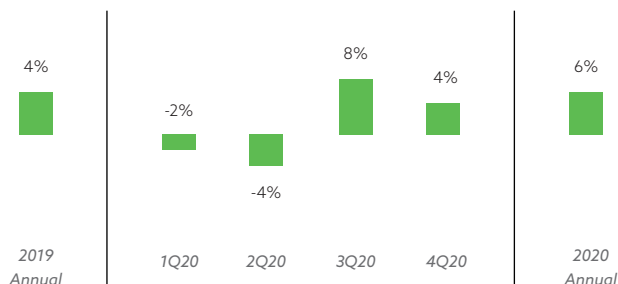
### TL DEPOSITS

(40% of Total Deposits)



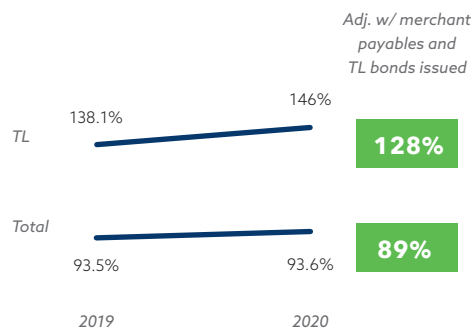
### FC DEPOSITS

(60% of Total Deposits) (in US\$ terms)



### DEMAND DEPOSITS / TOTAL DEPOSITS 29%

#### LOAN<sup>1</sup> TO DEPOSIT RATIOS (%)



### 4.1 SOLID LIQUIDITY BASE AND MANAGEABLE EXTERNAL DEBT STOCK

Due to shrinking FC loan portfolio since 2013, Garanti BBVA has significantly less need for external borrowing. While the Bank's total external debts decreased from USD 12.4 billion to USD 8.0 billion in 2020, Garanti BBVA was able to keep its FC liquidity buffer at USD 12.5 billion.

On the basis of maturity profile of the external debt that amounts to USD 8.0 billion, the long-term portion of this debt is worth USD 5.5 billion, whereas short-term debt and the short-term portion of the long-term debt amounts to USD 2.5 billion. For this short-term debt, Garanti BBVA has a highly solid liquidity buffer of USD 12.5 billion.

Thanks to its leading position in the sector, its reputation in international markets and solid correspondent relationships, Garanti BBVA continued to diversify its funding structure by accessing international funds at the most favorable costs and terms. The Bank secured funds worth approximately USD 1.4 billion in 2020.

During 2020, the Bank kept the markets under close watch and managed its funding base with dynamics keeping an eye on the

## LOAN TO DEPOSIT RATIO

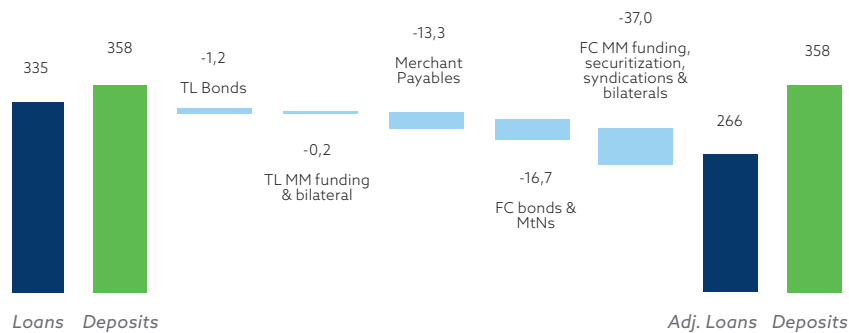
(TL billion)

Total Loans / Deposits: **94%**

FC Loans / FC Deposits: **59%**

TL Loans / TL Deposits: **146%**

Adjusted Loans / Deposits: **74%**



needs of the real sector in the light of its solid balance sheet and high FC liquidity. Accordingly, in May, the Bank secured two facilities, USD 50 million from the International Finance Corporation (IFC) and USD 54.7 million from the European Bank for Reconstruction and Development (EBRD) to support the cash flows of its SME customers impacted by the pandemic that continued to affect the whole world and Turkey.

The bank increased its product diversity with the Risk Sharing Agreement signed with the EBRD. In December, and carried out the first-ever transaction based on risk sharing with an international agency.

Actively continuing to borrow from credit markets, the Bank renewed two syndication loans with high rollover ratios in 2020, involving over 30 banks from more than 18 countries in each facility, thus strengthening its trust-based relations with correspondent banks, and carefully managed the external funds

on its balance sheet. This serves as a testament to Garanti BBVA's power to be selective in tapping external funds thanks to its high FC liquidity, its intrinsic financial strength and solid banking relationships.

The syndicated loan Garanti BBVA signed in the first half of 2020 was the first syndication loan obtained by any bank in the world tied to a bank's sustainability criteria. Securing low-cost long-term external funds for renewable energy and energy efficiency projects, the Bank kept supporting sustainable energy.

### Syndications

\$ 598 mn equivalent (2Q20)

\$ 660.5 mn equivalent (4Q20)

EBRD and IFC Covid Support Loans

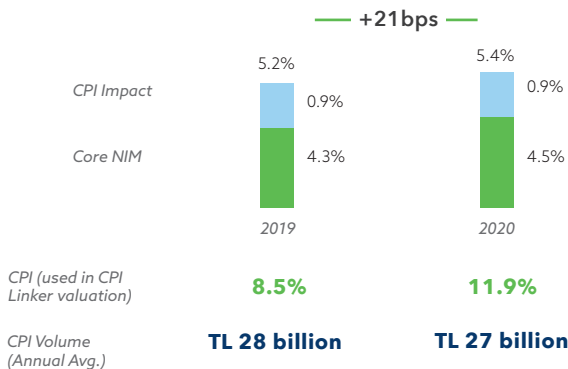
A total of \$104,7 mn 1-yr maturity (with the option for extension) loan (2Q20)

## 5. DYNAMIC BALANCE SHEET MANAGEMENT IN DEFENSE OF NET INTEREST MARGIN

Despite the pressure of declined interest rates, Garanti BBVA was able to increase its Net Interest Margin (NIM) compared to year-end 2019 on the back of its effective management of deposit costs, diversified funding structure and the increase in the share of demand deposits in total deposits during the year. With 5.4%, the Bank maintained the highest NIM among peers, increasing total net interest margin including swap costs by 21 basis points year-over-year.

### QUARTERLY NIM

(Including Swap Funding Costs)

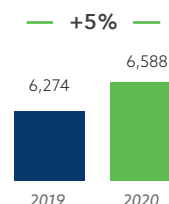


## 6. DIVERSIFIED FEES AND COMMISSIONS

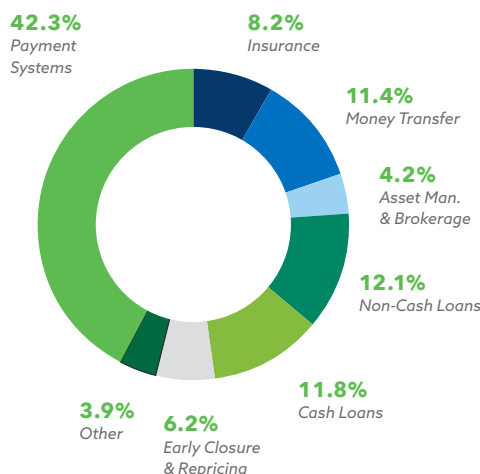
Regulatory framework governing commissions and economic activity decline in connection with the pandemic resulted in relatively weaker growth of commission income. In 2020, net fees and commissions grew by 5% on a year-over-year basis. Enjoying the highest fee base among its competition, Garanti BBVA carried on with its sustainable income generation on the back of its diversified fee base.

### NET FEES AND COMMISSIONS

(TL million)



### NET FEES AND COMMISSIONS BREAKDOWN<sup>1</sup>



<sup>1</sup> Breakdown is based on bank-only MIS data. Some cash loan related fees, which were previously classified under "other" are moved to cash loan fees as of 31 December 2020. On a comparable basis, share of cash loan fees in 2019 is 6.6%, other fees is 3.9% and early closure and repricing commissions is 2.7%.

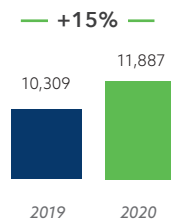
## 7. DISCIPLINED COST MANAGEMENT AND FOCUS ON OPERATIONAL EXCELLENCE

Garanti BBVA's operating expenses went up by 15% in 2020. Higher than expected currency depreciation of TL, which was not foreseen in 2020 operating guidance plan, had a negative impact of approximately 4% on operating expenses. However, it did not have an effect on bottom line profit as it was hedged by long FC positions maintained against the currency impact. Moreover, the fines levied during the reporting period also had an impact of approximately 2 points on operating expenses; but provisions were already set aside for these expenses. When these impacts are excluded, the expansion of operating expenses was 9%, in line with the guidance in 2020.

In 2020, the Bank's cost/income ratio was registered as 36.5%.

### OPERATING EXPENSES

(TL 11.9 million)



**COST/INCOME<sup>2</sup> 36.5%**

Note: Income defined as NII + Net F&C + Trading gains/losses excluding FX provision hedges + Other income excluding provision reversals + Income from subsidiaries

### TURKEY'S FIRST BANK TO CENTRALIZE ITS OPERATIONS: GARANTI BBVA'S OPERATIONS CENTER ABACUS

Turkey's first bank to centralize its operations, Garanti BBVA alleviates the operational load on its branches and head office units, and enhances employee productivity through active use of technology. The Bank ensures superior quality, timely and error-free execution of operational transactions of its millions of customers through ABACUS. Abacus's loss resulting from operational errors was USD 76,796 within a total turnover of

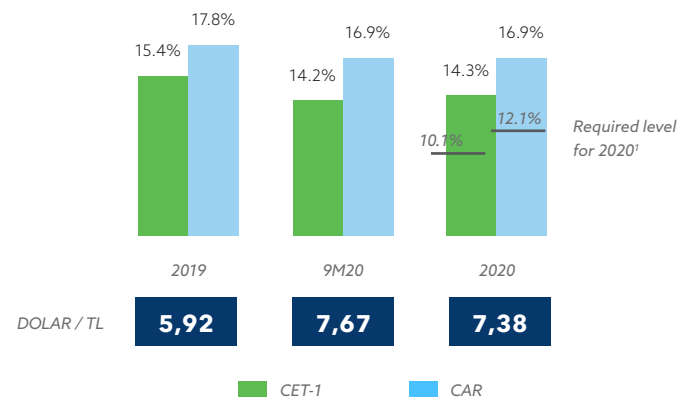
USD 366 billion. Garanti BBVA channels 85% of all operational transactions of branches to ABACUS made up of a dynamic team of 1,477 experts.

## 8. ROBUST CAPITAL BASE

Due to currency depreciation of TL in 2020, Capital Adequacy Ratio (CAR) went down to 16.9% from 17.8% in 2019 due. This ratio does not include the temporary measures introduced by the BRSA during the course of the year in connection with the pandemic. The level of CAR was well above the Basel III required ratio of 12.1% set for 2020.

### SOLVENCY RATIOS

(Without BRSA forbearance)



### FREE PROVISIONS TL 4.65 BILLION

### EXCESS CAPITAL TL 21 BILLION

Taking into account minimum required level of 12.1% for 2020.

<sup>1</sup> Required CAR = 8.0% + SIFI Buffer for Group 2 (1.5%) + Capital Conservation Buffer (2.5%) + Counter Cyclical Buffer (0.130%)

Required Consolidated Tier-1 = 6.0% + Buffers; Required Consolidated CET-1 = 4.5% + Buffers

Note: With BRSA's forbearance: CAR 17.4%, CET-1 Percentage: 14.8%

## 9. GARANTI BBVA'S TAX CONTRIBUTION

Having embraced transparency, prudence and honesty principles in tax matters, Garanti BBVA reports on the total tax contribution, both on its own and on behalf of third parties.



*Please read more on tax strategy & reporting on Garanti BBVA Investor Relations website, Tax Strategy and Reporting Heading under the Corporate Governance tab.*

### GROUP PERFORMANCE IN 2020

Despite the global and local economic deterioration resulting from COVID-19 pandemic since December 2019, the Group achieved improvement in financial and non-financial performance indicators. While strong asset quality was preserved thanks to prudent risk management approach across the Group, pre-provision consolidated net income was maintained at a high level.

Subsidiaries played a key role, as they did in previous years, in delivering the strong financial results at the end of 2020. The contribution of subsidiaries to the Group was not only limited to the net income figure but also to other financial performance metrics, enabled by the synergy captured with the parent Bank in all fields of activity as well as in management.

In 2020, major contributors to consolidated performance were brokerage & securities activities, which are also supported by the Group's banking investments abroad, and insurance & pension business.

In terms of brokerage & securities activities, year-end 2020 results were positive:

→ In Domestic Sales, as a result of digitalized onboarding and changed customer behaviors following the pandemic, equity market trading volume tripled as compared to the previous year, which resulted in faster new customer acquisition. This enlarged the commission income on Equity and Derivatives Markets transactions by 161% over the previous year. In addition, commission income on overseas trading, which made its debut in 2018, was 12.5 times above the 2019 figure.

→ Approximately 90% annual growth in treasury revenues was driven by positions maintained by the Bank aligned with the market conditions, higher revenues generated on equity lending as compared to 2019, and closer cooperation with investment branches.

→ In Corporate Finance, revenues increased by approximately 70% as compared with the previous year, enabled by the contribution of advisory services rendered.

→ While the high performance of business units enabled 143% growth of total revenues in 2020, income from new products totaling TL 137 million signified an increase of more than three times as compared with 2019.

→ Having the highest share in total earnings with 7.7% among Garanti BBVA's subsidiaries, it booked a net profit of TL 493 million.

2020 has been a successful year for insurance and pension business, as demonstrated by the results presented below:

→ Market leader\*\* with 1.9 million participants in total covering both Voluntary PPS\* and PPS Auto-Enrolment.

→ It was the choice of 28% of more than 632\*\* thousand new participants in the system in Auto Enrolment and ranked first as the company acquiring the highest number of new participants. In terms of funds, it has earned 98\*\* bps market share.

→ Succeeded in winning the highest additional market share in PPS Auto-Enrolment in terms of the number of employers, number of participants, total funds and total contributions categories.

(\*) Private Pension System

(\*\*) Based on data published by the Pension Monitoring Center on 31 December 2020

- Had a highly successful year with a cost/income ratio of 26%.
- Celebrating its third year, the Fund Coach reached 111,765 users with a very successful return performance.
- Captured the second highest share in total profit among Garanti BBVA's subsidiaries with 7.3%, and ranked second\*\*\* within privately-owned private pension companies with a net profit figure of TL 463 million.

Regarding the Group's banking activities abroad:

- Despite weakened payment ability of debtors due to the pandemic in 2020, the Group's subsidiary operating in Romania ensured minimal impact on net profit through prudent lending including those benefiting from the changes in maturity dates of loans relying on the provisions of the legal moratorium declared (GEO 37/2020), effective measures on cost management, and initiatives seeking to absorb the pandemic impact upon the loan book.
- The Bank operating in the Netherlands decreased its COR from 32 bps in 2019 to 28 bps in 2020 through its selective approach and accurate credit risk management, while NPL ratio went down from 2.78% in 2019 to 1.02% in 2020. Finally, Tier I capital was realized at 23.84% in 2020 despite repayment of the Tier II instrument in the amount of EUR 50 million, and the Bank's robust capitalization was preserved.

Regarding the Group's leasing activities:

- Ranked second in the sector when compared to its main competition in terms of return on assets and equity, and total profitability (as at September 2020). Having had a successful year, the company extended support to sustainable world with 16% market share in investments in renewable energy sources. In its 30<sup>th</sup> year, the company continues to service its customers and guide the sector making use of its 13 branches across Turkey, call center, website, mobile site and social network channels.

All in all, the subsidiaries' performance continued to support the Group's strong financial results in 2020.

(\*\*\*) Based on data published by the Insurance Association of Turkey on 30 September 2020

## 2021 OUTLOOK

### 2021 OPERATING GUIDANCE PLAN

TL Loans (YoY)	14-16%
FC Loans (YoY, in USD)	Shrinkage
Net Cost of Risk (excl. currency impact)	~200 bps
NPL Ratio*	<6%
NIM Inc. Swap Cost	~100 bps shrinkage
Fee Growth (YoY)	14-16%
OPEX Growth (YoY)	~CPI
ROAE	14-16%

\* Includes planned written-down non-performing loans

In 2021, central banks and countries' fiscal policies are anticipated to keep introducing measures to counter the impact of the virus during the period until potential widespread vaccination is achieved. Upon vaccination of a substantial portion of the society, it is expected that commercial activity will pick up within economies, recovery will take place on the part of growth and employment, and deteriorated current account balance will improve with recuperation in revenue items such as tourism. Within this framework, ensuring preservation of asset quality on one hand and supporting the country's healthy and quick post-pandemic recovery on the other, becomes a priority.

With decrease in risk premium, stability in financial assets and anticipated normalization led by the developments in vaccination, GDP growth is projected to reach 5% after the very low base of 2020. Taking into consideration the inflationist pressures in the first half of the year, tight monetary stance is anticipated to be persevered in order to bolster the stability in financial assets. Having started 2021 at 14.6%, the inflation outlook is forecasted to begin improving toward the second half of the year and to end 2021 with 10.5%. In parallel with improved inflation outlook, the CBRT is expected to reduce the funding cost gradually by 300 basis points starting from October.

After its strong growth in 2020, the expansion in TL loans is projected to normalize around 14-16% in 2021. While growth is anticipated to be across the board in TL loans, TL business banking loans will likely lead the growth. On the retail banking front, Garanti BBVA will keep focusing on customer satisfaction and loyalty by deepening customer relationships while expanding the customer base. The Bank will continue to develop new instruments, channels and processes in keeping with this goal, carry on with big data oriented marketing activities based on an analytical approach while maintaining its profitability targets, and deliver tailored and fitting solutions for its customers' needs on site.

The contraction trend in FC loans that has been ongoing since 2013 is anticipated to persist also in 2021. FC loan volume is expected to shrink in USD terms. Limited demand is the primary cause underlying the said shrinkage.

Garanti BBVA intends to sustain its deposit-driven funding strategy in 2021. The share of deposits in total assets is anticipated to be in the order of 65% with the Bank's low-cost and sticky deposit base focus. The Bank will continue to opportunistically tap new external funding opportunities throughout 2021, taking into consideration FC liquidity needs and market conditions.

The temporary measures introduced during the pandemic kept new NPL inflow low in 2020. For this reason, new additions to NPL as a result of the pandemic will be felt more strongly in 2021. However, the NPL ratio is anticipated to be registered around 6.5% in 2021, in view of the loans planned to be written down. On the part of provisions, since provisions in connection with the pandemic were visionarily set aside in 2020, net COR excluding currency impact is projected to be below 200 basis points.

In 2021, cumulative NIM including swap costs is anticipated to shrink and go down by approximately 100 basis points from its historic high with the effect of the existing high interest rates. TL spread is expected to hit its lowest in the first quarter of 2021, before picking up during the course of the year in connection with increasing returns on loan rates. While maintaining its focus on sticky and low-cost mass deposits with respect to deposit growth, the Bank will also preserve its solid base of demand deposits. Cross currency swaps will continue to be opportunistically utilized for margin optimization.

After the relatively low 5% growth recorded in 2020, net fees and commissions income will probably recapture double-digit growth in 2021. Net fees and commission are anticipated to be registered around 14-16% in 2021. The growth in payment systems commissions that make up nearly 42% of net fees and commissions is predicted to gain pace with the contribution of the high interest rate environment. With activity stirred in other commission areas, Garanti BBVA is expected to preserve the highest base in net fees and commissions.

Garanti BBVA's disciplined approach to operating expenses is anticipated to be sustained in 2021. The increase in operating expenses is estimated to be close to inflation in 2021, while cost/income ratio is forecasted to remain below 40%.

In 2021, active assets and liabilities management that will result in high return on capital will be sustained along with the risk/return focus. In the light of its 2020 projections, Garanti BBVA aims to achieve an ROAE of 14-16%.

## EXPECTATIONS REGARDING THE GROUP IN 2021

Garanti BBVA operates as an integrated financial services group through its leading financial subsidiaries offering services in life insurance and pension, leasing, factoring, brokerage and asset management in Turkey, along with its international subsidiaries operating in the Netherlands and Romania.

Garanti BBVA aims to make sure that the synergy captured with its subsidiaries will be powerfully sustained in 2021.

In 2021, the Group aims for continued efforts for preserving and improving asset quality in geographies where its international subsidiaries pursue their banking operations. Targets include sustaining productivity increase while maintaining asset quality, further improving the strong balance sheet structure, and boosting the profit generation capability and sustaining it by venturing into new lines of business.

With respect to its operations in Turkey; the Group targets to receive significant contribution from the insurance business to consolidated profit. Life insurance segment is anticipated to sustain solid premium production, total funds in Voluntary PPS is expected to gain momentum, and increased market share is projected in the Auto Enrolment System along with solidified position in the sector. The target is to be the company with the highest number of participants in PPS Auto-Enrollment. Garanti BBVA Pension and Life is gearing up for the Complementary Pension System that is on the agenda, drawing on its robust infrastructure developed for PPS Auto Enrolment. In the securities business, increased income is anticipated to be derived on new products, in addition to the high income generated on equity and derivatives market products through opportunistic moves, while advisory and public offering transactions are planned to

be undertaken in the corporate finance business, and to lend significant contribution to consolidated profit by increasing the revenues to be generated on treasury transactions along with increased equity. Garanti BBVA Leasing, on the other hand, targets to grow its market share in the financing of machinery and renewable energy investments in 2021.

In 2021, the Group aims to sustain its sustainability-focused growth strategy that maintains asset quality, increases productivity and generates capital. The Group intends to preserve its cumulative net interest margin through an active assets and liabilities management.

The Group will carry on with active productivity management and will focus on molding its business model with an eye on potential growth areas. As before, the Group will persist with its initiatives to create long-term value in 2021; moreover, it will continue to keep operating expenses under control. Standing out with its robust capitalization, the Group will retain this quality as it moves forward. In the light of all of these, the Group will continue to generate sustainable profit on the back of its differentiated business model.



# Operational Excellence - II

 3,928  20 min  8  customer

Related Material Topics	Value Drivers	Indicators	2019	2020
<p><b>#1 SOLVENCY AND FINANCIAL PERFORMANCE</b></p> <p><b>#2 CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS</b></p> <p><b>#4 EASY, FAST &amp; DIY</b></p>	EFFECTIVELY MANAGE FINANCIAL AND NON-FINANCIAL RISKS	Number of Projects Subjected to Environmental and Social Impact Assessment System (cumulative)	73	81
		Site visits to customers regarding environmental and social issues	37	0*
		Customers and financial institutions informed about environmental and social issues	16	7
		SDGs contributed via Environmental and Social Risk Management of loans	11	13
	INCREASE END-TO-END DIGITAL SOLUTIONS; CONTINUE TO ENHANCE EXPERIENCE WITH OUR INVESTMENTS IN DIGITAL PLATFORMS	Digital transactions in non-cash financial transactions (Retail)	96.0%	97.4%
		Digital sales (share in total sales based on product relative value) (Retail)	52%	57%
	CONSTANTLY IMPROVE OUR BUSINESS MODEL WITH TRANSACTION CONVENIENCE, ENRICHED REMOTE SERVICES AND SIMILAR FACTORS	Number of Customer Contacts (million)	70.9	72.1
		Service Level	73.7%	76.8%
		Call Response Rate	98.3%	96.8%
		Branch Calls Resolution Rate	52.3%	65.9%
Customer Contact Center Financial Product Range (Qty)		27	30	
Customer Contact Center High Value-Added Financial Product Sales (millions of units)		3.3	2.6	

Contributed  
Sustainable  
Development Goals



\* Site visits were conducted through online monitoring studies due to pandemic.

Garanti BBVA focuses on making banking services available to its customers at any time through any channel they choose, and on delivering them a seamless and uninterrupted experience on each channel. Blending technology and humanistic elements, the Bank aims to make life easier for its customers, pursue their financial health, help them make the right financial decisions, support them grow their businesses sustainably, and bring its financial services to everyone. Putting digitalization at the heart of its business model, Garanti BBVA targets to lead the transformation of the sector, to command state-of-the-art IT infrastructure, and to be efficient and productive in all of its service channels. To this end, the Bank continues to revamp and simplify its business processes, enhance customer experience and automatize its processes, while securing operational efficiency in keeping with its principle of continuous improvement. Integrating the opportunities presented by advancing technology and data sources in its business model, Garanti BBVA interprets big data groups and adopts a more analytical approach to customer management. The Bank also uses these outputs in its organizational model, thus achieving more analytical business results. Adopting lean method approaches to execute its projects in order to quickly cater to evolving customer expectations and to accommodate advancing technology in its business model, combining the means technological infrastructure has to offer with its vast experience, and aiming to address everybody, Garanti BBVA now defines productivity as the main pillar of its business model. For this purpose, the Bank integrates all the possibilities handed by technological advancements and by the digital world into the ecosystem it has created, and addresses innovative solutions using agile methods, ultimately pioneering the industry in transformation projects. The Bank supports fulfillment of customer demands in the fastest manner possible through consolidated teams that can take action, drawing on its business model driven by an inspiring and innovative mindset committed to exceed expectations. Thanks to its effective risk management enabled by world-class integrated management

of financial and non-financial risks and its organizational agility in capturing new opportunities, Garanti BBVA creates sustainable value for all of its stakeholders.

### **CONSTANTLY IMPROVED CUSTOMER EXPERIENCE THROUGH END-TO-END DIGITAL SOLUTIONS**

Garanti BBVA tries to be involved in each technological movement and to adapt its services or create new ones according to technological trends. Facilitating easy performance of banking transactions any time, anywhere, Garanti BBVA brings together diverse services catering to the needs of retail and corporate users in its mobile application. The Bank puts great emphasis on providing integrated access to the Bank's full set of transactions and products primarily through all channels, but primarily through digital channels, and delivering a customer experience appropriate to each channel. It targets to enable self-service by customers on digital channels for all of the transactions carried out at Garanti BBVA branches.

### **WHAT WE DID IN 2020**

During the course of the pandemic that holds the world and our country in a firm grip, the Bank focuses on offering banking services uninterruptedly while observing the health of its employees, customers and the society. The effect of digital banking channels, which have long been the target of investments so that customers can securely realize their banking transactions without leaving their homes, has become even more palpable in this period. Enabling customers to digitally perform almost all transactions without going to a branch, Garanti BBVA carries on with its novelties in order to steer its customers to digital channels at a greater extent. Customers who do not have a credit or debit card can easily get a password by means of a video call, without going to a branch, from the Get Password/I Forgot My Password step on the main page of Garanti BBVA Mobile.

Users having a phone with NFC (Near Field Communication) capability do not even need to make a video call; they can easily get a password by scanning the new ID card from the "Get Password with New ID Data" on Garanti BBVA Mobile. Users whose phones do not support NFC can scan their new ID cards with their phone camera, have a brief video call with the customer agent for authentication purposes, and easily create the Password to login to digital channels. After creating a password without calling the call center or going to a branch, users can easily access all products and services offered on Garanti BBVA Mobile.

Evolving customer behaviors compel brands to employ AI-based writing or voice assistants. Users wish to reach brands as easily as they reach their friends, find a solution for their problems quickly, and even chat with brands. Garanti BBVA, using these methods, lets customers find the solutions to their questions and receive detailed information about their products and services.

Aiming to fulfill customer needs in the fastest and most efficient manner, Garanti BBVA successfully implements this strategy also in its digital channels. Hosting more than 99% of all of its banking products on its digital channels, Garanti BBVA carries on with research and development without letup to guarantee an end-to-end smooth digital sales experience. Based on a holistic experience approach, products and transactions on different channels are offered to users so as to provide a similar customer experience. Users can view customized campaigns on all digital channels; they can initiate a transaction on one channel and resume it on another.

Aware of the fact that user needs are not shaped only when on banking platforms, Garanti BBVA reaches its customers also via different platforms through collaborations. The Bank keeps expanding its sphere of influence by providing solutions such as Shopping Loan to its users on non-Bank platforms. Targeting

continued improvement of its analytical capabilities and real-time offer structures, thus increasing its solution delivery efficiency, Garanti BBVA aims to increase its sales volume through non-banking platforms.

Garanti BBVA intends to go beyond presenting products fulfilling customer needs through digital channels, and aims to help users understand their needs, and offer them solutions instantly upon the emergence of the need. To this end, the Bank relies on big data and advanced analytics in its product and service offers to understand customer wishes and needs and to deliver the products they want at the right time, through the right channel. Real Time Offer Management Structure is used to present the offers consolidated by analytical tools to the customer at the most opportune time. This lets the Bank present cash banking solutions to users before the risk arises, such as when there is the risk of incoming payment being delayed until after the money transfer takes place. When a user's need for a specific product is noticed, proactive preparations are made, and personalized products are offered that can be purchased with minimum effort. The Bank keeps developing new projects every day to offer the right product solutions to users at the right time on digital channels, and formulates offers putting the user at the center. As a result of these efforts, income-based share of digital sales to total sales increased by 495 bps over the previous year and reached 57%. This growth was driven by digital share increases of 800 bps, 750 bps and 450 bps in loan, insurance and credit card products, respectively. At Garanti BBVA, the sales experience on digital channels is not restricted to the time of sales only; processes are designed to optimally fulfill all needs of product owners during the course of their product ownership. Thus, user needs were responded to with new products on digital channels during the pandemic, and existing product owners performed their transactions easily through digital channels.

## The share of digital sales in total sales based on product relative value increased 57% in 2020.

Featured in Garanti BBVA Mobile for a long time, virtual assistant UGI had long been enabling users to perform voice transactions. The interface of UGI was upgraded, expanding its accuracy rate and introducing transacting capability by exchanging written messages. This way, when using the mobile app, customers can talk or write to the virtual assistant when they have a problem and easily find the necessary answer without leaving the platform. With the guidance of Garanti BBVA Mobile smart assistant UGI, users can get support from the mobile app for numerous banking topics and perform their transactions thanks to live support assistant service in case of need.

Garanti BBVA took important steps to let corporate customers reach commercially critical products for them through digital channels without a branch visit during the pandemic. This year, meeting their urgent cash needs has probably been a higher priority for businesses than ever before. As discounting unexpired cheques was a key financing instrument in this regard, it has been a priority to make it easier and faster with the support of digital channels during the pandemic. Garanti BBVA made a rapid development for direct referral of cheque discounting demands from digital channels to Garanti BBVA Factoring; accordingly, cheques received by the Bank with a discount request are selected digitally and discounted instantly. Thus the Bank's customers were given a helping hand in these dire times against cash shortage. 2020 has also seen exchange rates fluctuate ferociously. Garanti BBVA made the forward product available also online, which is an important instrument for protecting customers against such fluctuations and was solely available from branches before. Hence, the product has become easier and faster to reach.

In 2020, Garanti BBVA made changes and improvements also to the SME service models for better servicing customers. To this end, the Bank makes use of all the technological means available and renders CRM more efficient and customized. While field staff make sure that all customers receive the service they need by presenting "smart visit model" for customer visits, efforts are spent to increase the effectiveness of these visits through custom-tailored product and service offers. Having made a transition to central customer service model, Garanti BBVA targets to centralize, and thus reduce, the operational workload on branches, to allow CRMs in branches to dedicate their energy to relationship management, sales and financial advisory, and free up the necessary time to increase the customer touch without branch dependency. This will increase operational efficiency and improve resource utilization by way of correct prioritization and product referral.

Garanti BBVA expanded its two-time international award-winning "Central Customer Services Representative" project launched in 2018 to deliver a better banking experience across all branches carrying SME portfolios. Under this service model, operational transactions of SME customers at branches are being handled by a central, specialized team. While this enhances operational transaction quality, operational workload on SME CRMs in branches is alleviated, customers can reach them at every call and get support from specialist customer representatives.

Thanks to the C-CSR (Central Customer Services Representative) Project launched to allocate branch portfolios to customer and sales-oriented processes instead of operational transactions, all operational transactions performed by branches apart from pricing and active sales items are being handled by a special team formed within the Abacus organization. The service model is erected on linking each customer representative with the related branch and customers.

The Project helps SME CRMs free up time to allocate to customer analysis and marketing activities and to deepen in customer relationship management.

## 444 0 333 GARANTI BBVA CUSTOMER CONTACT CENTER

With a track record of 22 years in the sector, Garanti BBVA Customer Contact Center continues to offer fast and innovative services targeted at first call resolution drawing on its qualified team of 1,055 solid technology, customer-centric service approach, and financial product portfolio composed in line with the Bank's strategies.

### WHAT WE DID IN 2020

During the course of the pandemic that deeply impacted its customers, employees and working conditions, the Customer Contact Center implemented work-from-home order for its entire team from March 30th. With the number of customer contacts that increased to 72.1 million, the Customer Contact Center got 13.54% share of all the incoming calls in the financial sector.

**Processing 72.1 customer contacts in 2020, Garanti BBVA Customer Contact Center ended the year as the sector leader with a Call Response Rate of 96.8% and a Service Level of 76.8%.**

Timely, effectively and accurately analyzing customer needs thanks to the steps taken with a dedication to customer satisfaction, Garanti BBVA Customer Contact Center leads the sector and closes also 2020 as the sector's leader with a Call Response Rate of 96.8% and a Service Level of 76.8% in

the pandemic period while offering its customers fast easily accessible and seamless services have become, and continue to be, more important than ever. Additionally, it has redesigned its communication channels, while further diversifying services offered in accordance with the changing customer needs and demands.

The Center successfully met customer demands at a faster pace without referring them to a branch by adding the "Get Password" feature, which used to be solely available from branches, to its set of services offered via "Video Call" introduced in 2018 in a bid to make customers' lives easier. With the goal of further diversifying the services available on this channel, the Customer Contact Center remains one of the key actors of the digital transformation process.

The Customer Contact Center, having digitally acquired 15.5 thousand new customers via "Video Call", is intending to take this life-facilitating service one step further in 2021 and present its customers with an end-to-end digital experience.

Continuing to produce customer-centric solutions with the technological innovations introduced, Garanti BBVA Customer Contact Center added written communication channel to its audio and video communication channels with the "Live Support Service" and expanded its user-friendly services, which signifies yet another important step in providing practical and quickly accessible service options to customers.

Garanti BBVA Customer Contact Center expanded its customer base via "Branch Calls" unit that covers the busiest Garanti BBVA branches and centrally responds to branch switchboard calls, by adding all retail branches to its coverage in 2020. With its 7.2 million customer contacts, Branch Calls provided one call solution to more customers from the channel they connected with an Average Response Time of 13 seconds and a Resolution Rate up to 66%. While strengthening customer experience,

the Customer Contact Center also handled the delivery of numerous value-added products and services, and significantly reduced workload on branches.

Offering 30 different financial products on its portfolio via specialized customer representatives to its customers thanks to the Smart Sales and Dynamic Offer Management infrastructure that correctly understands customer demands and needs, the Customer Contact Center sold 2.6 million financial products and broke new record with the net financial income figure generated.

Getting significant share out of the Bank's total lending with the marketing and sales of general purpose, mortgage and auto loans through the dedicated hotlines at 444 0 335, 444 EVIM and 444 OTOM, the Customer Contact Center remained the sector's leader in loan telesales also in 2020.

Besides meeting customer credit card application demands instantly without a need of branch visit, the Customer Contact Center solely managed the retention efforts for all Garanti BBVA credit cards, by retaining more than 1.2 million cards. Additionally receiving "New Member Merchant" applications through this channel, it broadened the range of the customer group serviced.

### **A BUSINESS MODEL CONSTANTLY IMPROVED THROUGH PROCESS AUTOMATION AND REMOTE SERVICES**

Adopting a "process"-oriented approach to all of the products and services offered, Garanti BBVA keeps working with the principle of offering efficient, fast and simple experience to customers.

Under its service model launched in 2017, designed in view of the banking of the future under the motto "Revolutionized

Branches" and capturing the benefits of the digital world, the Bank maintained its focus on maximum service delivery in 2020.

### **WHAT WE DID IN 2020**

Sector-leading digital platforms and service models built thereupon backed Garanti BBVA during the pandemic, as always. Thanks to the "branch-free service model", further development of which the Bank has long been supporting with numerous digitalization initiatives, employees were able to offer products/services remotely using their tablets from the first day of the pandemic, and to digitally hold their phone calls also with their tablets as part of seamless service. Service delivery to customers continues with the "teleworking" service model initiated at all service locations besides branches upon the outbreak of the pandemic.

To support the new working model, Garanti BBVA took action very quickly for the Head Office, Technology, Customer Contact Center and Operations Management teams along with all field teams servicing customers, provided the necessary technology and the equipment, thus equipping them with mobile working capabilities which resulted in uninterrupted business continuity. With the investments in infrastructure, the Bank ensured delivery of uninterrupted and rapid service from the homes of thousands of employees.

In these extraordinary times the world is going through, the Bank made developments in digital processes in order to fulfill the increased demand on digital and Customer Contact Center channels that attract heavier service demand from the customers. When necessary, the Bank reassigned employees normally working in different roles to these channels.

Customer-centric service model initiatives continued in the reporting period. In this framework, actions were taken to centralize operational transactions performed by branches in an effort to provide more focused and faster service to customers.

Aware of the important role operational maturity and excellence play in Garanti BBVA's position in the sector, Organization and Process Development team kept working on internal processes carried out by Head Office and operation teams in addition to customer experience enhancing designs. During the reporting period, dedicated teams structured according to agile working principles analyzed the existing processes and service catalogues of Head Office teams and identified improvement opportunities on the axes of efficiency, experience and quality.

In 2020, Organization and Process Development team also maintained a focus on its "sustainability" mission. Based on the principles of location-independent service and "paperless service" aimed at preserving natural resources, the team added new processes to the existing digital document approval structure, reviewed contract and document formats, which will continue to be used in hard copy, and developed new and simpler designs that will consume less paper.

### EFFECTIVE RISK MANAGEMENT THROUGH ENVIRONMENTAL AND SOCIAL IMPACT ANALYSIS

Garanti BBVA developed and introduced Environmental and Social Loan Policies (ESLP) in 2011 to minimize the indirect impact of the Bank's lending activities. Accordingly, the Bank implements an Environmental and Social Impact Assessment Process (ESIAP) within the frame of international best practices to drive improvement across its loan portfolios. This process is totally compliant with international norms and best practices. In addition, the Bank developed the Environmental and Social Impact Assessment Model (ESIAM) to classify projects according to their characteristic, scale, vulnerability, place and E&S impact and to systematically evaluate them with respect to risk. In this scope, Garanti BBVA ensures that the projects financed by the Bank satisfy the social and environmental standards required by legislation and the Bank's policies; that the project owners undertake an impact assessment, and take prescribed measures, if necessary and establish effective control mechanisms.

## Garanti BBVA minimized the indirect impact of its lending activities thanks to action plans it developed and 81 projects that were subjected to Environmental and Social Impact Assessment Process.

In 2020, 5 projects with a total loan amount of USD 307 million were subjected to the ESIAM process. Thanks to the action plans based on these assessments, E&S impacts were minimized. The number of projects that were subjected to ESIAP to date totaled 81.

### OUTLOOK

Garanti BBVA projects that consumption behaviors of first-time digital customers which have become habitual during the pandemic will persist. The Bank predicts that users' digital banking demands will further increase hereinafter. Digital and especially mobile will become the mainstream channel, and all investments and developments will continue to be concentrated on mobile. Initiatives and developments based on end-to-end digitalization perspective will go on.

To increase the digital touch in the lives of corporate customers in 2021, Garanti BBVA is working to welcome corporate customers with a rich content and equip digital channels with new products and functions that will allow end-to-end self-performance of all the banking transactions they need without a branch visit. The Bank believes that 2021 will be an extremely important year in terms of expanding corporate digital sales opportunities.

It is a key priority for Garanti BBVA to make the customers feel that it is always by their side and cares about their needs. To

this end, the Bank is striving to take banking services beyond a model that responds to customer demands and turn them into personalized financial solutions.

A key learning from the pandemic is the importance of delivering the special banking services that corporate customers are used to receiving for many years through their assigned CRM, without a branch visit. For this reason, Garanti BBVA is working on a service model for remote delivery of all banking transactions without leading to any interruption in any service. The Bank eliminates the borders for micro and small businesses, and initiates remote presentation of the banking service they need. Garanti BBVA's vision for the C-CSR project is to build on C-CSR employee profile, revise the authorization and responsibility frameworks in line with the needs, and guarantee continued support in the most efficient manner.

By increasing the diversity of services offered within its alternative communication channels such as audio, written and video through innovative solutions, Garanti BBVA Contact Center aims to make customers' financial lives easier and to preserve its leading position in the sector with its customer-centric approach in 2021. Other targets include expanding the scope of retail services offered by the Customer Contact Center and the Smart Sales Management project, and increasing customer needs along with product diversity and efficiency that meet to those needs. Furthermore, acquiring more customers through digital channels via End-to-End Onboarding experience expanding and optimizing Live Support Services will be on the agenda in the period ahead.

Garanti BBVA targets automation of effort-intensive services in business processes through identified improvement areas, robotic process automation in operational services, chatbot applications, and increasing and upgrading working models that rely on effective data use. In 2021, the Bank will carry on with its efforts and initiatives in these identified improvement areas, utilize the means offered by the age in its institutional processes, prepare them for the future ways of working from

today, and keep working to enforce continuous improvement culture extensively across the organization.

In 2021, the Bank will introduce sustainability-focused organization and process development designs, and will thus keep offering a leaner experience with higher digitalization to its customers on physical channels, while adding another link to Garanti BBVA's sustainability initiatives.



2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# DATA AND TECHNOLOGY

**HANDE TUNABOYLU**  
Agile Coach



**OSMAN BAHRI TURGUT**  
Head of Internal Audit



**EREN YARDIM**  
Balıkesir Branch  
Manager



**İLKER KURUÖZ**  
Executive Vice President -  
Engineering  
and Data

**TOLGA HALİLER**  
Director - Organization and  
Process Development



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watch the video.

TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# Data and Technology

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Related Material Topics	Value Drivers	Indicators	2019	2020
3) BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION	INCREASE THE AGILITY AND STRENGTH OF OUR TECHNOLOGICAL INFRASTRUCTURE AND PLATFORMS	Programs for raising awareness of customer privacy and information security	5	12
		Cybersecurity training hours per FTE	1.19	1.73
		Employees participating in cybersecurity training	72%	99%
4) EASY, FAST & DIY	SPEED UP OUR SOLUTION PROCESSES THROUGH ARTIFICIAL INTELLIGENCE, MACHINE LEARNING AND BIG DATA INTERPRETATION, WHICH IS IMPORTANT IN THE DAY-TO-DAY OPERATIONS OF THE BANK	Training or information provided on external fraud (Number)	96	104
5) CYBERSECURITY (CYBER-ATTACKS, DATA THEFT, FRAUD...)		Number of UGI Interactions	13 million	12,8 million
6) RESPONSIBLE USE OF DATA (DATA PRIVACY, RESPONSIBLE AI)		Bilge (The Wise) (Answered Queries)	194 thousand	321 thousand
11) FINANCIAL HEALTH AND ADVICE	MAKE EFFECTIVE USE OF DATA ANALYTICS IN VARIOUS ASPECTS INCLUDING OFFERING THE RIGHT PRODUCT TO OUR CUSTOMERS, PRICING, RISK MANAGEMENT, ETC.	Value-added projects using Big Data and Machine Learning*	38	41
		Scenarios Activated Under Complex Event Processing Platform (Number)	39	56
		Number of RPA in Production Medium (Robotic Process Automation)	7	44

Note: "Data breaches regarding customer privacy" included in previous reporting periods are being followed up with the utmost care in terms of measurement and content under numerous criteria as per the regulatory framework, but are excluded as data. Information about the implementation is presented below.

Contributed  
Sustainable  
Development Goals



Agility means agile transformation of the entire organization at Garanti BBVA. So far, 100% of technology and 70% of business lines of the entire organization have been reorganized with agile disciplines. While the agile journey contributed substantial improvement to Garanti BBVA on the technology front, service levels and quality, it also secured a considerable increase in employee satisfaction. End-to-end coherence is secured between the technology organization and business lines. Teams charging ahead together toward a shared goal are able to progress and deliver results rapidly. As planning, decision-making and prioritization take place in the internal processes of teams, the organization's motivation increases, and conversion into competent, autonomous and responsible teams takes place. Nearly 235 teams work with the agile methodology within the technology organization. Improvement activities underlying the agile philosophy molded according to feedbacks from the projects that arise with the transformation will make the most important agenda for Garanti BBVA in the period ahead.

With its continuous and uninterrupted investments in technology, Garanti BBVA has erected its digital transformation strategy on offering a full-scale and integrated banking platform encompassing simple, accessible and personalized banking transactions and services. In this context, it is always a priority for the Bank to listen to customers' needs and respond to them in a prompt manner. While continuing to constantly invest in Information Technology systems guaranteeing information security, Garanti BBVA also takes precautions against all risks that could prevent secure and uninterrupted service, and measures the results within the context of customer satisfaction on digital platforms.

For Garanti BBVA, digitalization is a key material topic given focus by both internal and external stakeholders. Therefore, technology is an integral part in the decision-making mechanism, which supports process efficiencies and continuously drives the Bank forward. With a single source of data and common understanding, technology is used within Garanti BBVA as an enabler for top-down fast decision-making

and strong communication. It is reflected in the way the Bank does business, from CRM applications and segmentation, to innovative products and services, and to a paperless banking environment.

The pandemic has acted as a significant accelerator for digital transformation. The leading company in digitalization in the financial services sector, Garanti BBVA teams already had sufficient teleworking capabilities. Particularly employees assigned to central operations and central functions were provided with equipment possessing mobile capabilities. Under the new service model, branch employees were also given tablet PCs, which allowed teleworking. The primary goal here was to create a working environment for bringing the service to wherever the customer is, concurrently with customer visit to the branch. In this way, all branch employees became able to work from home. During the pandemic when customer visits were halted and isolation was imposed, they kept performing transactions, making phone calls, keeping in touch with the customers and offering seamless service from home. While making headway in digitalizing all services end-to-end, the transformation also brought the need for integration in many areas such as regulations, age challenges, etc., and has turned out to be a period when business continuity tests were transferred to the real-life environment and challenged. Garanti BBVA succeeded in teleworking with its entire organization and the full set of its processes. The Bank will keep reflecting all its learnings and experiences in its business models with a development focus, and keep working to bring the age of opportunity to everyone.

### **BANKING SOLUTIONS THAT CREATE VALUE WITH ARTIFICIAL INTELLIGENCE AND DATA ANALYTICS**

Banks had long ago started customer analyses and customer profiling using the data at hand and employing them for setting their marketing and risk strategies. Today, digital transformation and advancing technology rendered data acquirable, storable, and most importantly, processable at every touchpoint with customers.

Artificial Intelligence and machine learning that can be integrated into any business process at present allows delivery of smarter, distinctive and personalized experiences for customers. Garanti BBVA gets to know its customers better, and is able to offer the services and products they need through the right channel and at the right time thanks to over 600 models developed with machine learning.

Garanti BBVA carries on with its investments to manage the risks in the cyber environment of obscure borders. The Bank actively runs its process designed to quickly detect and respond to potential threats; take steps for constantly evaluating, managing and mitigating risk, and to introduce the best practices in this field.

The Bank also continues to work in relation to ensuring business continuity, regulatory compliance, and fulfillment of the requirements of certifications and standards, in addition to technology, process, and human resources. To support its cybersecurity efforts, the Bank takes part in, and extends support to, several initiatives of the Sectoral Cyber Incident Response Team managed by the Banking Regulation and Supervision Agency (BRSA), Banks Association of Turkey (TBB), Information Technologies and Communication Authority (BTK) and Turkey Informatics Industry Association (TUBISAD).

Garanti BBVA believes that acquiring/co-innovating with fintech startups is essential for Banking-as-a-Service (BaaS). Today, banks are no longer just financial players; they offer various services by establishing collaborations with third parties. Building a culture of innovation within the Bank is vital for an open innovation point of view. Thus, co-innovating with fintech startups is very important in terms of imposing startup culture into own and others' way of doing business. Therefore, Garanti BBVA acts in accordance with the notion of supporting new entrepreneurships, products and projects in all areas. The Bank believes that the market can be transformed and external disruptions can be turned into opportunities, by collaborating with various third parties.

The change brought on by technology is picking up speed across all economic sectors, and banking is no exception. Open innovation is one of the key elements of the Bank's transformation to adapt financial services to customers' new needs. The concept stemmed from the necessity to keep up with the rapid pace of change that companies are undergoing. The connection with the innovation ecosystem and entrepreneurs is essential. At this point, Open Talent has evolved from a unified competition for technological companies to one divided into categories that supports all kinds of entrepreneurs in innovation from many countries. In the process, Garanti BBVA continues to collaborate with BBVA.

The Bank's approach to internal innovation can be described as one that is inclusive and facilitative. The primary objective is to ensure conveyance of all employees' creative ideas and suggestions to the right recipients by offering various channels. In this context, the employees can either communicate just a concept for it to be implemented by related teams, or they can take the ideas they share to advanced stages and present their solution suggestions to the Senior Management personally.

Methodologies developed specifically for each channel paves the way for the conversion of bright ideas into real products in the most sensible and profitable manner. The different channels used and tailored methodologies employed enable Garanti BBVA to also address the entire innovation range. This allows simple but valuable improvements on one side, and to carry out initiatives targeted at the bank of the future, on the other.

The work on enhancing customers' experience with the Bank through Artificial Intelligence is ongoing. Within the frame of these activities, Garanti BBVA intends to make projections using the big data volume available to it and thus understand customer needs at an as early stage as possible. The Bank foresees that use of Artificial Intelligence, where business rules or models are restrained, will take the Bank one step ahead in terms of knowing and understanding customers, and thereby, enable it to deliver a customer experience with much higher added-value.

## WHAT WE DID IN 2020

Garanti BBVA has long been employing Artificial Intelligence and machine learning applications in its business processes; the Bank takes them further each year with the addition of new capabilities. While enhancing customer satisfaction by offering smarter, customizable solutions for customers through the use of Artificial Intelligence, the Bank also makes a differentiation in decision support steps for business processes and achieves operational excellence.

**Bilge, one of the trends pioneered by Garanti BBVA in the industry and in the world, has been helping more than 1,000 users working in the Customer Experience Support team and Customer Contact Center by answering more than 30,000 queries per month for 3 years.**

Diversifying the service delivery channels and enhancing service quality constantly through the most advanced products that employ Artificial Intelligence, Garanti BBVA kept expanding one of the trends it has been leading in the sector and in the world across its own organization in 2020. In view of the added value it creates, the chatbot named Bilge (The Wise), which has been responding to over 30,000 queries per month of more than 1,000 users in the Customer Experience Support and Customer Contact Center teams for three years, was customized for new teams. Put into use by Garanti BBVA branch employees servicing the customers in the SME segment, the new chatbot was named KoBilge. Since October, approximately 1,800 employees are able to reach the answers to nearly 1,000 questions instantly. In addition to responding to queries, the chatbot tracks all queries by the employees and

employee feedback, which allows employees to understand the information they need when serving our customers and give the answers from a single location.

Another key development in relation to our Artificial Intelligence applications in 2020 is the implementation of our central smart assistant platform, which includes cognitive artificial intelligence products. This platform, which aims to implement new bots quickly and provide a consistent customer experience among bots, supports both voice and written communication and also includes voice processing (TTS and ASR), natural language processing (NLP), automatic dialogue management and automatic processing of new transaction sets. Interface and infrastructure of UGI, Turkey's first voice assistant that was launched in 2016, was upgraded in 2020 using this platform. Also possessing texting capability, the smart assistant UGI 2.0 can adapt to the changing agenda much more rapidly than before; UGI 2.0 began implementing the changes within several days thanks to its revamped infrastructure. Another advantage derived from the new infrastructure is the common assistant intelligence it has created for the bank's smart assistants. Garanti BBVA's WhatsApp chatbot is another example of smart assistants upgraded with the same infrastructure in 2020.

Thanks to the Ruler (CEP-Complex Event Processing) initiative commenced in August 2018 with the aim of maintaining deeper and value-adding relations with customers, expanding the customer base, increasing product/service sales volume and accelerating customer digitalization, critical behaviors of Garanti BBVA customers on digital channels or in branches can be instantly detected and the best-fitting action can be taken in real time. Through 56 scenarios launched so far on the Ruler platform, 57 million customer behaviors of approximately 4.8 million customers can be processed on a daily basis, and more than 800,000 customers can be contacted directly.

RPA (Robotic Process Automation) initiatives launched across the Bank in July 2019 allows allocating employees to customer-centric processes rather than routine and manual transactions, and delivering a better customer experience with minimum

errors and high speed. Based on the work carried out within the scope of RPA, nearly 200 processes were identified to date, 44 of which were automated in 2020, bringing the number of processes running on RPA to 51 in total.

The work on ARK Platform commenced in 2019, and the first application was taken into production on the platform by mid-2020. 32 applications are currently in development. The platform will gain broader usage with the transformation that will start in 2021. ARK Platform allows developers to develop banking and affiliate applications using agile methodology, accelerates value creation by employing modern technologies, and reduces costs owing to the cost advantage of open system technologies.

## 51 processes running on Robotic Process Automation allows allocating employees to customer-centric processes rather than routine and manual transactions, and delivering a better customer experience with minimum errors and high speed.

System, Software, Architecture, Security, Design and Network teams working on the ARK Project were bolstered with 5,442 hours of training in total with the ARK Platform Design & Development program within the frame of infrastructure configuration, maintenance and platform application developments. In addition, software developers from project teams that will begin to develop applications on the ARK Platform took part in the ARK Developer Onboarding program, and received a total of 4,825 hours of training under the program that covered four subcategories, namely, Front End, Back End, Batch and Big Data.

By way of its projects in data and advanced analytics, Garanti BBVA secures delivery of the right products and services at the

right time to customers, enhanced customer experience, earlier and higher quality detection of attempted internal fraud, and better management of operational processes and decisions. In this context, 291 new machine and deep learning models were integrated into Garanti BBVA systems in 2020. For instance, Artificial Intelligence capability was utilized in processing customer suggestions and demands using text mining and referring them to the right solution centers in order to better respond to customer needs that rapidly changed during the pandemic. This provided the opportunity to address customer demands within the same day.

Garanti BBVA makes use of the Artificial Intelligence capability also to build on operational excellence in Customer Contact Center channels. Developing new analytical models that are triggered instantly upon a call placed at the Customer Contact Center analyze past data for the caller, predicts the reason of the customer's call, and can offer this insight to the customer agent before the conversation begins. Thus, understanding customer's need quicker, lessening %7 on average on call duration and strengthening communication with the customer that consequently enhances satisfaction and operational efficiency are the expected outcomes.

Big Data and Artificial Intelligence algorithms are involved also in projects designed to protect and improve the financial health of customers that Garanti BBVA places emphasis on. Customers' past transactions, financial movements and finances are processed by machine learning algorithms, making their existing financial health measurable, and the insights obtained turn into advice for upgrading customers' financial health to better levels.

In 2020, Garanti BBVA expanded the optimization algorithms developed for ATMs and included the new branches that will be opened. Customer base, financial transaction densities, transactions belonging to workplaces, location data and other data resources are used to draw multi-dimensional density maps; this information is combined with strategic priorities, processed in optimization algorithms, and decisions are made taking the most accurate location suggestions into consideration.

Using open source software languages in Artificial Intelligence applications, Garanti BBVA is able to quickly integrate emerging technologies in its processes while keeping a close eye on global trends. Benefiting from the power of the latest algorithms, the Bank can increase its success rates in projections and decisions further, and achieve higher efficiency in cost management.

Through the innovation center Next Zone, Garanti BBVA incorporates experts' innovative ideas, and creates appropriate conditions to turn these ideas that will make a difference in the long run into projects and products. While the Automated Variable Production product that automatizes raw data processing into valuable data, lets the Bank fulfill new business demands in much shorter times, Framework and Automation infrastructure created on analytical modeling processes minimizes human errors and increase operational efficiency.. As it produces Artificial Intelligence solutions, the Bank also takes initiatives to expand analytical capability to everyone through the modeling tools it has developed, and to make them applicable even in routine decisions.

When developing solutions on Big Data and Artificial Intelligence, Garanti BBVA espouses responsible AI principles. It pledges to be committed to Human Rights and not to discriminate, as stipulated also in the Garanti BBVA Code of Conduct. None of the analytical solutions employed in customer acquisition, pricing, recruitment and remuneration uses data pertaining to gender, color, ethical origin, disability, religion, sexual orientation or political affiliation.

As COVID-19 entered our lives, the top priority of Garanti BBVA has become to protect its employees' health and to offer uninterrupted service to its customers. To this end, necessary equipment were provided to the teams for working-from-home. Support was extended for all transactions that did not need physical proximity to branches, which were temporarily closed during the pandemic. Conforming to the Targeted Capacity Utilization and SLA rates, uninterrupted and high quality service delivery to customers continued. Centralization efforts, business model modification and productivity efforts were carried on with a special focus on freeing up the branches.

To support the protection of community health and reduce social activity, Garanti BBVA did not charge any fees for money withdrawal from the ATMs of other banks for a certain period of time. Similarly, the Bank did not charge fees for money transfers made through digital channels for a certain period of time in order to promote the use of digital channels and to increase the customer benefits offered.

Launching the Payment with QR solution that is used both for collections and payments, the Bank enabled customers to realize their cash flows through digital channels during the course of the pandemic.

Within the material topic "Easy, fast & DIY", Garanti BBVA allows easy and agile performance of transactions on any channel and at any time by its customers. Cash management solutions the Bank offers to its customers making use of data and technology are as follows:

→ Garanti BBVA has been the first bank from Turkey to join Global Payment Innovation (GPI) launched in 2017 by SWIFT, and made available Outbound Tracking on Garanti BBVA Internet Banking for SWIFT transfers to domestic and overseas banks. In 2020, it has become the first bank across the world to complete the integration of the SWIFT GPI Pre-Validation, the new service developed by SWIFT for international money transfers.

→ In addition to Outbound Tracking and SWIFT GPI Pre-Validation, Garanti BBVA has taken place among the first banks in the World to offer Inbound Tracking Service in December, whereby initially SWIFT-member institutions will be able to track the SWIFT payments from domestic and overseas banks from the moment the funds leave the originating bank. Garanti BBVA customers will soon be able to access this service through Internet Banking or API (Application Programming Interface), which will be a significant contributor to cash flow management.

→ Through the agreements made with integrator companies, which are electronic certification suppliers, banking transactions of customers requiring approval and signature could be electronically signed using e-signature without going to the branches.

→ Payment with QR Solution activation was made in a manner allowing integration by reaching the APIs via developers. [garantibbva.com.tr](http://garantibbva.com.tr). This solution will let the payments by money transfer to customers, who integrate with the system, to be made by the other party using QR code via Garanti BBVA Internet or Mobile.

→ Under the collaboration with the Turkish Union of Public Notaries, Secure Sales and Purchase System was introduced, which is used in the sales and purchasing of second-hand motor land vehicles. Hence, Garanti BBVA helps its customers finalize their transactions securely, quickly and easily through the Internet and mobile channels, without taking the risk of carrying cash before and after the transfer.

→ Garanti BBVA joined FAST (Instant and Continuous Transfer of Funds), a system operating on the Central Bank of the Republic of Turkey (CBRT) infrastructure allowing money transfers as an instant transaction at any hour of the day on weekdays and weekends, which is an additional option to the Bank's existing money transfer systems.

→ Along with the FAST System, the Bank also launched the Easy Address system which enables replacement of the IBAN used in money transfers with a mobile phone number, email, TR ID/Tax ID number or passport number. Customers can match their personal data with their IBAN via Garanti BBVA Mobile, and can send and receive money by sharing that information only.

→ Electronic Account Movements service was turned was developed API and offered for use by customers as an open banking product on [developers.garantibbva.com.tr](http://developers.garantibbva.com.tr). This service gives customers access to a richer set of information and also lets them finalize the entire definition and application process using Corporate Internet Banking without a branch visit.

→ "Garanti BBVA Connect" payment solution offered to companies centrally managing their treasury operations doubled the numbers of customers and services, and contributed to the treasury centralization processes of customers.

In 2021, the Bank will carry on with its projects and initiatives related to digital solutions and remain adhered to its target of supporting a greater extent of digital transformation for its customers in relation to cash management products.

## DIGITALIZATION FOR SECURE AND UNINTERRUPTED SERVICE

Increased digital use leads to greater exposure to cybersecurity risks, and the improved threat profile results in elevated effect of the diversified risks of the digital environment. Constantly investing in technology, uninterrupted processing capacity, infrastructure security, cost efficiency and energy saving in light of corporate governance and international standards; Garanti BBVA, through its subsidiary Garanti BBVA Technology (GT), sharpens its monitoring effectiveness since 1981. The company allows Garanti BBVA to put measures in place more rapidly and to become aware of global threats at an earlier time via networks that GT belongs to. Accordingly, Garanti BBVA's internet access architecture has been restructured with a risk-based perspective.

With its strategy, "Better IT, Better Business", Garanti BBVA continuously invests in cloud technology and microservices in order to ensure cost saving and introduction of solutions at a faster pace, and positions its application architecture and security layers so as to support these technologies. Through these initiatives, Garanti BBVA targets to better adjust to the new business models presented by the constantly digitizing world, and to deliver its clients a better customer experience by transforming Big Data infrastructure investments into business intelligence solutions and open application platforms.

DDOS (Distributed Denial of Service) attacks that dominated the country's agenda in 2019 made the safeguarding of infrastructure a priority need for all organizations. To counter the risk of attacks originated abroad to interrupt the country's communication infrastructure and organizations' services, Garanti BBVA based and configured its intrusion prevention



systems starting from abroad. The Bank observed the benefit of this technological transformation despite increased attacks. In addition, Garanti BBVA led the sector with this approach that served to increase the Bank's security and contributed also to safeguarding the country's communication infrastructure.

The opportunities offered by digitalization also transform issues regarding data protection and security into one of the most significant risks. Taking precautions against all risks, which could prevent secure and uninterrupted service, particularly cyber threats, ensuring information security and informing customers on related issues are among the material topics, both for Garanti BBVA and its stakeholders.

Garanti BBVA carries out activities ensuring continued awareness of compliance with laws and corporate standards, and development of processes that guarantee management of IT/information security and IT related risks, in order to effectively manage reputational risk across the Bank. In terms of governance, the Information Security Committee headed by the CEO coordinates all efforts within the Bank to guarantee information security and monitors policies, procedures, and regulations.

Adopting an "enterprise external fraud prevention" approach within the framework of customer protection principles, Garanti BBVA implements a customer-driven management of incidents of fraud involving card transactions, account transactions, POS transactions and loan product applications carried out through any branch or non-branch channel.

Garanti BBVA adopts a proactive approach giving the foreground to customer experience when developing its strategies to monitor, detect, control and prevent evolving acts of external fraud. Customer Security and Transaction Risk Management Department works with a proactive approach to minimize the potential losses of the Bank and the customers, employing data-driven and AI-supported decision making processes against incidents of fraud.

The Department formulates views and suggestions on the Bank's new product and process developments upon assessing the same with respect to external fraud risks. Monitoring dynamically evolving fraud methods and fraud trends both on a national and international level, the Department continues to take actions dynamically based on data governance and data analytics. Garanti BBVA continues to collaborate with its stakeholders to increase anti-fraud awareness and initiatives across the banking sector and other associated sectors, against fraud events.

Customer Security and Transaction Risk Management Department closely follows up technological developments, makes assessments together with various national/international service providers, and leads technological developments in order to carry out fraud risk management in the most efficient and effective manner, and to deliver the best experience to Garanti BBVA customers. In addition, the effects of the developments made with a focus on strengthening analytical structure and data-driven decision making processes upon fraud prevention and customer experience are constantly monitored. Also instant tactical updates focused on customer experience and security are performed while observing stakeholders' strategic priorities and the ecosystem.

## WHAT WE DID IN 2020

Garanti BBVA secures all IT assets including people, processes and technology, so that the organization can focus on business targets without suffering an interruption due to security related issues by concentrating on Confidentiality, Integrity and Availability. The latest and the most advanced security systems are followed up in an effort to offer the most effective security solutions to protect customer data. Regular penetration tests and vulnerability assessments are performed to identify and eliminate security risks. Garanti BBVA follows the COBIT (Control Objectives for Information and Related Technology) framework, internal security policies, procedures, and ISO 27001 and PCI-DSS norms with specific scope.

Garanti BBVA provides various security-building practices for its customers in line with its approach determined by security and privacy policies. Besides password verification, the Bank uses tokenization, Şifrematik device for generating one-time passwords, SMS OTP, Mobile Notification, and Voice Biometric Verification for the authentication of customers. Moreover, in case of a forgotten password, the Bank offers the option to set a new password by performing ID and face biometric verifications. In order to increase the security of digital channel usage, the Bank implements additional security measures on mobile applications. Transactions are automatically analyzed and if necessary, additional verification is implemented to prevent fraud events. Garanti BBVA also supports safe execution of external projects that introduce novelties to the sector, in addition to its internal practices.

Through its website and Alo Garanti BBVA telephone banking, Garanti BBVA offers its customers security information regarding digital banking. Warning its customers against possible situations, Garanti BBVA also explains additional security precautions that customers can take, particularly the "6 Golden Rules" for security, such as creating and protecting passwords, situations when private information is requested, viruses spread via e-mails, fake prize notifications or requesting personal banking information via SMS or by telephone, phishing attacks, suspicious money transfers and requests for information. Also, Garanti BBVA provides customers with information on the protection of mobile devices and computers on which they use Garanti BBVA's internet banking. Garanti BBVA furthermore advises to use utility programs such as anti-virus, spyware scanner and firewall. The Bank sends SMS and e-mail messages at certain intervals in order to inform its customers about current and widespread attacks.

Work is carried out within the frame of DevSecOps (the notion of incorporating security applications within software processes) in order to enhance secure software development process. Security assessment approaches are being developed, which are aligned with current software trends such as agile. Initiatives are being carried out targeted at best practices in

activities aimed at raising increased awareness of employees and customers, data classification and data leakage prevention methods, in addition to efforts spent for regulatory compliance. Its robust infrastructure allows Garanti BBVA to keep fulfilling the services requiring remote access that it offers to its employees and customers without compromising security. For outsourced service, the Bank takes steps guaranteeing that the suppliers match the same level of security with the Bank. The Bank increases the efficiency of security operations by using RPA (Robotic Process Automation). Garanti BBVA keeps improving its information security processes by also utilizing the know-how and global experience made available by the BBVA Group. The Bank also extends support to global projects carried out by the BBVA Group in this context.

In 2020, Garanti BBVA introduced stricter measures for related processes and platforms to ensure security of mobile market and social network accounts. Training programs were organized to raise increased awareness of teams managing these accounts.

To cater to the working model that has changed due to the COVID-19 process, the capacities of the media enabling secure teleworking were increased rapidly, and solutions were created for emerging needs in a manner observing security and business continuity. In this period, investments/projects targeted at improving security infrastructure continued without letup. The projects undertaken resulted in increased intrusion detection and monitoring capabilities of the Bank against the recently increased cyber threats. Besides, the capabilities of the existing preventive security solutions were further upgraded.

Due to the implications of the pandemic, 2020 has been the scene to increased digitalization. In line with its strategy, Garanti BBVA kept concentrating on monitoring and preventing fraudulent attempts dynamically. Basing its efforts in this vein on frictionless and customer-centric approach, the Bank aims to prevent both the Bank's and the customers' potential financial and reputational losses.

In order to provide its customers with a more secure experience, the Bank continues to upgrade its technical and analytical infrastructure. For this purpose, the Bank prioritizes integration of new technologies, increasing analytical methods and process automation. The Bank targets to manage risk in a frictionless environment by making customers a part of anti-fraud management. In keeping with this, Garanti BBVA continued to keep its customers informed and to raise awareness about fraud trends and important considerations through various channels.

As part of education and awareness initiatives in 2020, Garanti BBVA undertook 104 education and/or informative activities in total in relation to external fraud, employing a variety of methods including announcements/alerts, virtual education and information meetings/emails and live streaming.

## OUTLOOK

Expanded usage areas of deep learning algorithms in banking and production of solutions for scenarios where conventional algorithms fail will be on the agenda of the near future. Processing visual data, extracting the embedded texts, and making sense of them with natural language processing are but just several examples. As deep learning algorithms are used, the explicability of how analytical projections work lessens. For this reason, Garanti BBVA predicts that algorithms showing the operation within the so-called "black box" software in order to understand how decisions are made will gain importance, particularly in strictly regulated sectors, such as the banking industry.

In the period ahead, solutions with user-friendly interfaces and not requiring an in-depth expertise will enable individuals at any level in the organization to produce analytical solutions. Useful information will be extracted with Artificial Intelligence and machine learning on Big Data, and different perspectives will be presented for new service and business model conceptions. With the new working models resulting from advancing technology and regulations, access to new data sources from different sectors and different companies through Open

Market, storage, processing of these data, and generation of new assets will be enabled with the formulation of appropriate infrastructures.

In our day, too much data is produced; however, Garanti BBVA believes that the important bit is to be able to create value from these data hoards, and foresees that an organization will be successful in this respect to the extent of its data storage, understanding and processing capabilities.

In 2021, protecting its employees' health and delivering uninterrupted service to its customers will remain as Garanti BBVA's top priority. Accordingly, the Bank will carry on as always with its efficiency-based project, business model modification and modernization initiatives. The Bank will be intensively using RPA, chatbot, big data and Artificial Intelligence elements in the coming periods, with the aim of maximizing its business model, efficiency and productivity level.

While bot usage for employees across businesses around the world is just an emerging trend, Garanti BBVA targets to increase coverage also at positions offering service to the Bank's customers in other segments in the coming year.

In 2021, Garanti BBVA will continue to provide secure transacting for its customers, and will also carry on working towards assuring its customers to transact in a convenient and frictionless environment and adopting a focus that will get customers on board while fighting fraud. Along this line, constantly enhancing customer experience through strengthening fraud risk monitoring systems with contemporary technology, data governance and analytics methods will remain among the key targets.

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# THE BEST AND MOST ENGAGED TEAM

**CEREN ACER KEZİK**  
Director - Mass  
Banking Marketing



**KEREM ÖMER ORBAY**  
Director - Retail Banking Marketing



**ŞULE ÖZTEKİN**  
Istanbul, Kartal Branch  
Manager



**ORHAN VELİ ÇAYCI**  
Director - Customer  
Contact Center

**NALAN KIRKAÇ ÇALIŞKAN**  
Regional Office Manager -  
Istanbul Europe 5



Scan the QR code to  
watch the video.

TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# The Best and Most Engaged Team

 5,456  28 min  10  employees

Related Material Topics	Value Drivers	Indicators	2019	2020
<p><b>#7 EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT</b></p> <p><b>#8 DIVERSITY AND WORK-LIFE BALANCE</b></p> <p><b>#10 HUMAN RIGHTS</b></p>	<p>INVEST IN OUR EMPLOYEES BY FOCUSING ON THEIR DEVELOPMENT, SATISFACTION AND WELL-BEING, WHILE OBSERVING THEIR WORK-LIFE BALANCE</p>	Digital training/total training hours	38%	47%
		Hours training per FTE	43	31
	<p>EMBRACE A FAIR AND TRANSPARENT MANAGEMENT POLICY BASED ON PERFORMANCE, FOCUSED ON EQUAL OPPORTUNITIES AND DIVERSITY, AND ENCOURAGES PROMOTING FROM WITHIN</p>	Programs related to employee well-being	11	7
		Women employees/total employees*	56%	58%
	<p>FORM RESULT-ORIENTED TEAMS LIVING OUR VALUES, POSSESSING TEAM SPIRIT, ACTING WITH SHARED WISDOM, THINKING BIG, AND CARRYING SOCIAL RESPONSIBILITY</p>	Salary ratio of men vs. women	1.16	1.14
		Women ratio in senior/middle level management	40%	40%
	Bloomberg Gender Equality Index	Qualified	Qualified	
	Employee engagement score	70%	71%	
	High performer turnover	1.67%	1.6%	
	Total ideas received from employees	24,000	25,000	

\* Median value given, as average metrics is negatively affected by extreme values (i.e. very high/very low).

Contributed Sustainable Development Goals



In line with its priority to set up the best and most engaged team, employee centricity lies at the center of each and every HR practice at Garanti BBVA.

Managing all of its activities in this context under the heading "Talent and Culture", Garanti BBVA aims to create a culture that every employee will be proud to be a part of.

Garanti BBVA's Talent and Culture activities this year were formulated under the headings Employee Health, Employee Development and Adapting to a Transforming World.

## WHAT WE DID IN 2020

### EMPLOYEE HEALTH

Having identified seamless service delivery to the society, its stakeholders and customers as its primary responsibility being Turkey's leading financial institution, Garanti BBVA set its top priority as employee health, who ensure the permanence of this responsibility.

Therefore, every step taken is based, first and foremost, on protecting employee and customer health, and on managing this strategy in a balanced fashion. The steps and measures taken are handled under the headings of compliance with the recommendations and policies of regulatory authorities, arrangements in physical settings, fulfillment of employee needs, and reporting. All actions taken around the Employee Health theme can be found under the heading Coronavirus: Creating Value for All in Uncertain and Dire Times.

### EMPLOYEE DEVELOPMENT

Currently, Garanti BBVA focuses on a talent strategy that preps, develops and supports the employees for their next role within a development model that aims to identify talents early in their careers, strives to increase employee awareness of career options and offers a personalized development plan. In this context, the Bank pursues alignment of the "Talent Solutions" practices with its fair and happiness-oriented culture that is

also molded according to employee needs and is nurtured by the organization's values.

Collecting and analyzing employee expectations in environments providing equal opportunities, and constantly updating the same in keeping with technological advancements, Garanti BBVA believes that it creates an environment that complies with international standards by maximizing participation in every aspect. The Bank places great emphasis on maintaining bi-directional dialogue channels to ensure that employees are actively engaged in the decision-making mechanisms and to benefit from innovative opinions. The Bank aims to increase employee satisfaction and employee engagement by collecting employee opinions systematically through the intranet, various questionnaires and other platforms.

Garanti BBVA puts career and training and development models that can be molded according to employee needs and expectations at the center of employee journeys.

Garanti BBVA reviews all of its employee-centric policies and new projects in quarterly meetings participated by the Senior Management before introduction. The decisions regarding the initiatives and action plans presented in these meetings are decided by a strict focus on employee satisfaction.

Under the "Talent Solutions" heading, Garanti BBVA has in place a Compensation Policy for employees, which is prepared in accordance with banking and capital market legislation and approved by the Board of Directors. The Policy is erected on job-based remuneration, encourages fair, transparent, measurable and sustainable achievement among employees, and is aligned with the Bank's risk principles.

The performance evaluation system at Garanti BBVA measures employee performance depending on the extent the objectives are attained and the extent the values are enforced while doing that. Systematic bonus and performance models are supported by concrete and measurable criteria during the assessment, and they serve as major and effective management tools for

achieving cost management and efficiency, while ensuring fairness among the employees.

Garanti BBVA has employee development in its focal point. The Bank devises schemes that increase the share of digital training programs within the existing training portfolio to give equal access to development opportunities for Garanti BBVA employees scattered in all 81 cities across Turkey, and aims to increase the number of training programs per person by the year.

One of the key goals of Garanti BBVA is to establish a fair and transparent working environment that is dominated by equal opportunities and diversity. In a bid to support gender equality and women's empowerment in various ways, the Bank carries out studies that measure employees' prejudices regarding equality of women and men. Garanti BBVA will continue to pioneer and further expand activities maintaining equality principle in the ratio of employees at different levels, the ratio of women vs. men employees, and in all fringe benefits and practices provided. Diversity initiatives will be themed around equality once again, and they will be put into life as shaped by employee opinions and backed by employee groups for higher inclusion.

The Bank strives to maximize employee participation in all processes associated with building a better working environment by leading an environment of open communication and by displaying a fair and objective attitude. Garanti BBVA therefore believes it creates an environment that complies with international standards.

Having reformulated its "career consulting" offered to employees in line with their competencies, knowledge, skills, and needs with a much more strategic and holistic perspective, Garanti BBVA established a model where consultants responsible for HR processes will also be in control of the business processes of employees working in the business area that they are in charge of. The consultants, who are responsible for the careers and development of employees, will present solutions aligned with business strategies and produce proactive solutions.

By focusing on employees' professional development and giving all employees equal opportunities, the Bank is actively contributing to Sustainable Development Goal 4: Quality Education, Goal 5: Gender Equality, Goal 8: Decent Work and Economic Growth, Goal 16: Peace, Justice and Strong Institutions.

## LEARNING AND DEVELOPMENT

Garanti BBVA promotes continuous learning culture where employees are autonomous in designing their own learning experience and developing new skills. Along this line, Garanti BBVA Training Center remains focused on creating a learning ecosystem preparing the employees for the competencies of the present and the future by responding to learning needs with dynamic, agile, proactive and digital solutions.

### *Importance attached to digital development solutions continued at an increasing extent.*

With the transition to the work-from-home order, training programs previously organized in classroom format were quickly redesigned to be offered with webinar method via digital platforms. The number of participants in 3,200 remote training programs was 33,000.

New online training programs were organized to address the specific needs of this period, such as tele-marketing, team management and leadership for remote working environment, and online presentations. Under a Group-wide initiative launched, focus was placed on "Resilience", the most needed topic by employees in the present period. With a custom-designed content, the online training program was offered as an optional training for all employees. Focus on the topic will be maintained also in the year ahead.

Weight was given to mobile applications that promote permanence and reinforcement of knowledge through gaming. The mobile applications used were incorporated in designs in a manner to complement the learning experience.

85,000 questions were solved each month for a total of 1 million over the course of a year. The ratio of digital training was 47%, where the Bank is aiming to achieve an increase every year.

***#egitimsaati (#learninghour), enabling concentration on learning only, was launched.***

#egitimsaati (#learninghour) practice was launched, which allows employees to dedicate a self-designated time of the day at certain intervals to their self-development and will let them complete their online learning modules on time. While 95% of our colleagues who took part in the initial pilot run at the branches commented that it was useful, there was an increase in the number of learning hours at 100% of the branches included in the pilot. Average increase in all branches was 178% according to end-October reporting. Following the positive experience with branches, a pilot run was commenced to expand the initiative across the Head Office teams.

***Initiatives were designed encouraging the culture of learning from one another.***

In order to expand the group of people that reach the information derived from conferences and seminars available to a given number of employees, to increase information sharing and to create value jointly, "Let's Ask Someone Who Was There!" initiative was designed and the first sharing session was held at the end of the year.

***Seminars in which we hosted speakers from various sectors continued.***

The seminar series continued also this year, in which we hosted professionals from the finance sector and from various disciplines specialized in their respective fields in line with the Bank's strategies and employee needs.

***Different development topics focused on the competencies of the future were addressed.***

New topics that are based in the requirements of the digitalizing world were addressed. Initiated in 2018 with the aim of improving employee competencies so as to secure their contribution to development of data-driven strategies, Data Specialist & Data Scientist programs continued in view of the current needs.

Designed with the purpose of helping employees better learn and internalize innovative technologies and transform them

into business ideas, and with the aim of rendering development in this area continuous, Enabler Technologies Certification Program was launched, which includes digital contents of the world's most prestigious universities, namely Columbia, Wharton, MIT, ELU. 116 people from across the Bank participated in the program. 3 new project ideas developed in this program were submitted to the Fikrini Getir (Bring Your Idea) initiative carried out at the Bank.

Training sessions designed to raise increased awareness of "cybersecurity" across the entire BBVA Group continued intensively. Participation was ensured in the training programs organized as part of the Group-wide cybersecurity week.

New competency development training, which made up 6% of our training portfolio last year, was offered to a larger audience this year, and had a share of 19% of total training programs.

***The learning programs and journeys of our employees were reviewed.***

Training programs were reviewed to maximize the efficiency of the learning experience of young talents selected within the scope of the talent management policy, and were redesigned to prepare the individuals for their next role.

In the reporting period, training programs of all portfolios and Customer Advisors in branches were reviewed and updated. Following the need analyses performed, they were restructured with the addition of new headings to support career programs, and measurement tools used to determine the efficiencies of training programs were diversified.

Specifically for this year, focus was placed on Cash Management and Financial Analysis and special certification programs were designed for both.

***Focus was placed on upgrading the learning portal in a bid to deliver an unmatched learning experience.***

In the reporting period, the Bank continued to base its efforts in line with continuous development concept and kept offering training programs aligned with the improvement areas



and competencies of employees. In 2020, the focus was on revamping the information architecture of Garanti BBVA Learning portal in line with global trends and constantly changing digital needs, and on improving users' learning experience by way of the joint learning strategy. Efforts concentrated on priorities that would ensure the delivery of a better, faster and personalized user experience by the revamped portal to employees, a smart design easily guiding employees in line with their development needs, and that would make the portal the first choice of the employees to have an unmatched learning experience.

***Greater emphasis was placed on stakeholder management this year.***

The Bank revisited the support employees extended to the learning activities by offering training on a half-time basis in tandem with their existing jobs. In this context, a development journey was introduced whereby internal trainers assigned with full-time training provided one-on-one mentoring to these individuals. The monthly "Digital Learning Bulletin" is shared with the trainers to foster their development.

Additionally, an online summit was designed this year for opinion exchange with suppliers and stakeholders engaged in training, and for sharing our learning strategy in the coming year. A weekly progress addressing the highlights of the activities during the year is prepared and shared with all employees.

Necessary infrastructural work was initiated for centralized management of our learning and development activities so as to cover our affiliates from 1 January 2021 onwards.

## **TALENT ACQUISITION**

Garanti BBVA employs various objective, skill-based measurement and evaluation tools and methods specific to each position in order to match the right person with the right job. During 2020, 67 new graduates were recruited under the young talent programs.

Standard criteria (experience, seniority, performance, competency evaluation, interviews, etc.) are established for all internal promotions and transfers between positions. They

are transparently announced throughout the Bank via career maps, while employees are guided and supported in line with their chosen career path.

The Development Model offers a structure that more clearly manifests the benefits contributed to employee development and ensures continuity. The model ensures that each employee is deeply engaged and continues to produce highly contributory performance for the Bank, while also building on his or her knowledge and advancing in his or her career. The model supports the continuous learning culture, and aims to help employees develop by offering them new experiences.

An employee-centric career-planning model was created, and employee meetings are structured in line with the coaching model. Career meetings were held with 8,856 employees.

Intended to enrich internal experience and support development in various work areas, the Career Management system allows employees to plan their own development in line with their personal goals. The system enables advancing along the expertise possessed, and allows sharing new career movements openly and transparently. Through the career portal, employees can reach detailed information about career transitions and career paths depending on their competencies, experience, performance, expectations and goals at any time.

Aligned with the strategies of the BBVA Group and Garanti BBVA, the performance evaluation and People Assessment process assesses goals, values and competencies on the basis of more objective criteria. Employees' sustainable performances and competency results are used as input for remuneration, career and development.

Vacant positions emerging at Garanti BBVA Group companies are announced to employees via Career Opportunities. Focused on developing its talents from within, Garanti BBVA gives priority to internal career transitions for all vacant positions. Internal candidates considering themselves fit for the position are free to apply for the announcements themselves without seeking permission from any individual or manager, and are

included in the assessment. When employees apply for a Career Opportunity, they can let their line manager know at any time they wish.

In addition to internal opportunities, all vacant positions available at the BBVA Group are announced to all Garanti BBVA employees simultaneously with all Group employees via the global career site. International career opportunities that also foster familiarization with different cultures are presented to all from a common platform by the employees of all Group countries and those satisfying the required competencies are subjected to evaluation at equal terms.

In 2020, necessary technical competencies for each role were identified. Employees can view the technical competency levels expected of their own roles. Thus, they become aware of what is expected of them together with behavioral competencies, and pursue improvement opportunities accordingly.

Employees benefit from coaching and mentorship initiatives offered through various channels and employing different methods depending on the needs (internal coaching, external coaching, women leadership mentorship program, mentorship programs for hands-on processes, etc.) aimed at contributing to their awareness processes and supporting their technical and behavioral developments.

### **EMPLOYEE DIALOGUE, PARTICIPATION IN MANAGEMENT AND SATISFACTION**

The Bank aims to increase employee satisfaction and employee engagement by collecting employee opinions systematically via various channels, such as the intranet, employee engagement survey, internal customer satisfaction questionnaire, and the voice of employee platform GONG. Garanti BBVA conducts an Employee Engagement Survey each year to gather employees' opinions on work-life balance, performance management, remuneration, recognition and training & development opportunities. In 2020, Employee Engagement score was 71%.

People Assessment process collects employees' opinions about themselves, colleagues, line managers and team

members, and aims to spread the culture of receiving and giving feedback. The process also allows employees to recognize their strengths and improvement areas, and devise their personal development plans accordingly.

Suggestion and idea platforms Önersen, GONG, and Atölye, and the "Ask/Share" section of the intranet portal serve as a means for employees to submit their suggestions and ideas. "Önersen" (You Suggest) has been instrumental in collecting more than 25,000 ideas and suggestions since 2007.

### **OCCUPATIONAL HEALTH AND SAFETY**

Having given momentum to its efforts in the field of Occupational Health and Safety (OHS) by forming a dedicated team in 2013 under Human Resources, Garanti BBVA has been coordinating the health and safety requirements of all locations via this organization which was renamed the OHS Division in 2015. Adopting the national legislation as the minimum standard and benchmarking itself against international norms and best practices, Garanti BBVA carries on with its activities throughout Turkey with a team of 44 (OHS experts, occupational physicians, occupational nurses).

Having crowned its implementations with the International Safety Award by the British Safety Council, one of the world's most eminent authorities in health and safety, this year, Garanti BBVA moves forward with its vision that adopts the national legislation as the minimum standard and benchmarks itself against the best practices in the world. The Bank has upgraded employee health and well-being with its precise and successful emergency management practices in relation to the pandemic and earthquake in 2020. With the OHS team organized under Talent and Culture in accordance with Occupational Health and Safety (OHS) regulations, Garanti BBVA will continue to effectively coordinate processes including risk assessment, occupational health implementations, training programs, OHS Committees, near misses, workplace accidents, corrective actions, emergency plans and drills at all locations.

Having realized a first among its peers and digitalized all of its OHS processes, Garanti BBVA has been using its OHS

software in all its locations since 2013. Garanti BBVA uses this software to coordinate and monitor all processes including risk assessment, occupational health implementations, training programs, OHS Committees, near misses, workplace accidents, corrective actions, emergency plans and drills.

### **Work-Related Accidents**

In 2020, the total number of incidents at all locations including subcontractors was 171. All accidents without exception were examined, and necessary corrective steps were enforced. None of the work-related accidents resulted in death.

### **Total Lost Working Days**

The total lost working days were 50,563 days for women and 22,423 days for men in 2020. The total lost days data is collected on the basis of medical reports of sickness leave and injuries. The absentee rate of the Bank was 0.01 in 2020.

### **Employee Benefits**

In order to enhance its employees' quality of life, Garanti BBVA offers various products and services. Garanti BBVA employees have private health insurance and life insurance, and can benefit from the Bank's Retirement and Social Assistance Fund services for health expenses not covered by private health insurance, such as dental treatment, prescription glasses and contact lenses. There are fitness centers and internal nutritionists present in Zincirlikuyu, Pendik and Güneşli Head Offices. The Bank has in place numerous practices so that employees can rest, refresh, and allocate sufficient amount of time to their loved ones and private lives.

## **EQUAL OPPORTUNITY AND DIVERSITY**

Socially and economically empowering women, increasing their role in decision-making mechanisms, ensuring gender equality both in professional and community life, and diversity lie at the heart of Garanti BBVA's approach to talent management.

USD 250 billion incremental GDP could be created by 2025, if the rate of women's participation in workforce in Turkey would increase to the OECD average of 63% from 33% where

it presently stands. Garanti BBVA considers equal opportunity and diversity as a fundamental value and a driving force of its corporate culture, as well as a contributor to economic growth, and encourages employees to respect different thoughts and differences among them.

At Garanti BBVA, women employees comprise 56% of all employees and 40% of senior/middle level management. As a result of the importance it attaches to gender equality and women's empowerment, Garanti BBVA was one of the first to implement the Equal Opportunities Model (in Turkish: FEM). Also Garanti BBVA is one of the first signatories of the Women's Empowerment Principles (WEPs) and is the first bank in Turkey to sign them.

Through Gender Equality workshops organized since 2015, which include male and female representatives from the Executive Vice President level to the manager level, programs, processes and initiatives aimed at the Bank's employees or all the external stakeholders in the areas of the inclusion of women in the financial system, women's empowerment and gender equality are being coordinated. Depending on the agenda, employees from different levels and locations participate in the workshops.

Aimed at empowering women leaders and increasing their recognition in internal networks, Women Leadership Mentorship Program continued for executives in 2020. To date, more than 80 women executives received mentorship and more than 40 women furnished mentoring under the program.

Garanti BBVA is a founding member of 30% Club Turkey launched in March 2017 for greater representation of women in executive management.

Within the framework of the Domestic Violence Platform Garanti BBVA has established in 2016 in order to extend support to employees suffering from domestic violence whenever they need it and to provide guidance to managers about the effects of domestic violence on the workplace, the Bank continued to offer the support service 24/7 exclusively to Bank employees

and their next of kin through the Domestic Violence Hotline in 2020. In addition, a communication initiative on the "Effects of Domestic Violence Upon Children" was conducted in 2020 as part of the program.

In January 2019, the Bank released its Policy for Prevention of Discrimination and Sexual Harassment for all its employees, thus making transparent and clear reporting channels and the measures adopted more accessible.

The Bank believes that women and men are equally responsible for securing gender equality, and thus, extended the Paternal Leave from 5 days to 10 in 2020. Led by Garanti BBVA, steps began to be taken across all BBVA countries for prolonging the Paternal Leave.

The Bank also carries on with its efforts to entrench Diversity and Inclusion culture in the organization through various training and awareness initiatives on gender equality and unconscious prejudice. As the first step, new training programs were designed to make sure that unconscious prejudice and gender equality principles are espoused by the employee body of the Bank. These compulsory programs delivered through digital channels were targeted at freeing people of their stereotyped thinking, and discover their prejudices so as to minimize their implications. Following the training, gaming activities were held to raise awareness across the entire Bank and to consolidate the information provided.

Thanks to its various practices and initiatives for ensuring gender equality in human resources, among customers and the community, Garanti BBVA is the only company from Turkey to be included for four years in the Bloomberg Gender Equality Index that covers 230 companies from 10 industries from 36 countries and regions across the world.

## INTERNAL COMMUNICATION AND CULTURE

Under the internal communication policy based on providing timely and accurate information flow to employees, information was conveyed instantly mostly through live streaming in addition to conventional communication channels.

In these live streaming events actively participated by Garanti BBVA Senior Management, the main idea was to ensure that all employees are informed of a given topic simultaneously.

Due to teleworking and rotating working conditions, "Ask/Share" forum section on the intranet, which enables employees to view instant messages transparently, were actively used in addition to live streaming. The use of this section increased by 35% over 2019. Certain decisions introduced during the reporting period were revised according to employee opinions conveyed in this section.

All employee-oriented messages and activities were carried out via online channels throughout 2020.

The third Values Day which is celebrated on the same date in all countries to re-familiarize with, assimilate and live the values, was held on digital channels. In this edition of the event where 45% of Garanti BBVA employees actively participated, idea workshops concentrated on evaluating strategic priorities from the eyes of the employees. During the Values Day that was participated by approximately 10,000 employees through digital channels, more than 2,500 employees took part in workshops and generated over 250 idea.

On a joint platform, all countries nominated the employees enforcing the values through exemplary behaviors in their everyday lives and 12 employees from across the Group were rewarded with the votes of country senior managements and employees. Out of the 12 awarded employees, three Garanti BBVA employees were honored with awards in the We Think Big and We are One Team categories.

Garanti BBVA carries out a work-life balance program named Work Life Integration (IYI) in order to enhance employee satisfaction and offer a richer working experience. This year motivational activities and treats within the scope of the program were replaced by online activities. Open to all employees, these initiatives include, among others, online exercise sessions, dietician sessions and informative seminars organized by the specialist psychologists of the Employee Support service.

## A FAIR AND TRANSPARENT WORKING ENVIRONMENT

Garanti BBVA aims to establish a fair and transparent working environment that is dominated by equal opportunities and diversity. Garanti BBVA's approach to human capital is in accordance with its ethical values and the "equality principle". The Bank and employees observe fair treatment in business relations regardless of language, race, gender, political ideology, philosophical belief, religion, sect and the like, sexual orientation, family responsibilities, disabilities, age, medical conditions, and union membership. The Bank and the employees respect human rights.

## FAIR AND TRANSPARENT REMUNERATION

Garanti BBVA implements a Compensation Policy for employees, which is prepared in accordance with banking and capital market legislation and approved by the Board of Directors. The Policy is erected on job-based remuneration, encourages fair, transparent, measurable and sustainable achievement among employees, and is in alignment with the Bank's risk principles. The compensation structure consists of fixed income and variable income items. The Remuneration Committee and the Talent and Culture Unit delegated by this Committee are responsible for reviewing and duly executing the compensation policies.

In line with its target of being the employer of choice, Garanti BBVA applies a competitive, market-sensitive salary system, which aims to improve employees' life standards. Garanti BBVA's compensation policy is essentially based on "equal pay for equal work" and "pay for performance" principles. In addition to individual performance, the Bank keeps a close eye on general macro-economic circumstances, the current inflation rate in Turkey and the trends in the sector. At the Bank, the salary package is comprised of various components including the monthly salary, annual bonus payments and premium payments, meal vouchers, foreign language payments and other benefits with variations depending on the level of seniority or the scope of work and the location of the services. The Bank always monitors its compensation system

so that it is fair, transparent, measurable, based on balanced performance targets, and it encourages sustainable success.

The compensation system of the Bank is built on job-based remuneration; employees who are employed in similar jobs receive similar compensation. Jobs are evaluated according to objective criteria such as required competency, the risk involved and the number of employees supervised. The Bank's Compensation Policy established within this framework has been approved by the Board of Directors and presented for the information of shareholders at the Ordinary General Shareholders' Meeting. Presently, the policy is available to the public on the Bank's website pursuant to corporate governance principles. The performance evaluation system at Garanti BBVA measures employee performance depending on objectives and the extent of their attainment. Systematic bonus and performance models are supported by concrete and measurable criteria in the assessment, and serve as major and effective management tools for achieving cost management and efficiency, while ensuring fairness among the employees. In this context, customer satisfaction, service quality and efficient management of human resources are among the basic factors affecting the performance-based remuneration. Garanti BBVA monitors the competitiveness of its salaries through annual survey of salary levels in the sector. Job descriptions, performance criteria and bonus system criteria of all positions in the Bank are announced transparently to all employees via the Intranet.

The portion of 8.29% of the total personnel expenses figure for the benefits provided in 2020 to the Bank's employees including the Board members and senior management in the financial statements results from the performance-based bonuses of all employees and variable salary payments.

The ratio of the average remuneration of women employees to that of men employees is 1.14. Differences can be explained by previous experiences, performance evaluation results and other factors aside from gender that affect pay level.

## MATERNITY LEAVE

Garanti BBVA employees are entitled to additional rights in maternity leave beyond the practices recognized by the laws. During the reporting period, 526 women employees went on maternity leave and 466 men employees went on paternity leave. 88% of women employees who took maternity leave in 2020 are still working at the Bank.<sup>1</sup>

## RETIREMENT

Retirement is one of the most important rights of employees. As of their first day of work at the Bank, employees automatically become members of "T. Garanti BBVA Bankası A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (Retirement and Social Assistant Fund) established as per the provisional article 20 of the Social Security Law no. 506. For every employee and his or her dependent spouse and children, a health certificate is issued.

## OUTLOOK

### ADAPTING TO A TRANSFORMING WORLD

The transforming Dynamics in the world pushed the accessibility issue foremost within Garanti BBVA's approach to human resources. Delivery of this vast variety of existing services and products available to all employees through a channel constantly accessible by them gained priority. In this framework, Garanti BBVA carries on with its efforts to launch a mobile application for exclusive use by its employee body, which will be introduced in the first quarter of 2021. The application is intended to give access to the world Garanti BBVA employees need in their capacities as employees.

Another major component of this transformation aside from the mobile application covers the initiatives for creating a common portal that will host all existing channels for employee career and development, which are made accessible through different portals. This will allow employees to view and use the whole cycle from the measurement and assessment steps

within the "Development Model" to learning and career-related practices with a more holistic perspective.

Poised to introduce a tool whereby it will focus on more effective development of employees via the Career and Development Portal, Garanti BBVA will have thus launched a user-friendly platform for employees to track their progress throughout the year. New steps will be taken also for enacting the corporate values at every opportunity, and for creating an egalitarian working culture free from prejudices. Employees will be given the opportunity to devise new projects on parenthood and individuals with disabilities that will support business processes by engaging in opinion exchange with employee groups. Initiatives supporting work-life balance, which will be developed within the scope of the "Work Better Enjoy Life" message, will make the highlights of 2021 projects.

Garanti BBVA will be consolidating its existing channels in a more-friendly medium in the short term, and back this vision with steps that will ensure effective use of these channels and administration of a survey measuring satisfaction in the medium term. In the long term, Talent and Culture teams are targeted to be transformed into a team designing the initiatives that will provide guidance to all employees in their roles as service providers and consultants. Within the future human capital management concept, paving the way for employees' management of all products and processes they need in line with self-devised development plans and their involvement in decisions will be the greatest step Garanti BBVA will be taking towards further improving the existing egalitarian and inclusive working environment.

<sup>1</sup> The ratio of women employees returning from maternity leave is followed up on the basis of the year preceding the reporting period. For details, please refer to the Guidelines on Non-Financial Reporting in the Appendices section.