

**TO: Investment Community**  
**FROM : Garanti BBVA / Investor Relations**  
**SUBJECT: Garanti Bank 2021 Integrated Annual Report**

**DATE: March 3, 2022**

Our Bank's integrated annual report for the period of 01/01/2021-31/12/2021 in Turkish and English are attached hereto as PDF files. You can also access 2021 Integrated Annual Report on the Bank's web site and Garanti Investor Relations web site from the following link: [www.garantibbvaannualreport.com](http://www.garantibbvaannualreport.com)

*In contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.*

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial II Nr.15.1, that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Yours sincerely,

Garanti BBVA

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# How does a Bank Create Value?

## INTEGRATED ANNUAL REPORT 2021



Scan the QR code to access  
the website of the report.

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# Foreword

Inspiration is, in essence, a revelation, a muse. We are inspired by so many things we see, read or watch. Sometimes they serve as an example; sometimes they motivate and even encourage us to take things further.

The 76-year-history of Garanti BBVA is filled with countless milestones. Having signed its name under many firsts through the pioneering products and services offered as well as with its actions and pledges by making all its stakeholders a part of its business model, the Bank considers being a guide and a source of inspiration as an important leadership approach.

Success is undeniably a multivariable equation. Although it entails diverse elements, hard work, a disparate perspective, thoughts turned into action, and commitment are the keys to success. Inspiration wards off languidness. It is a force that incites action, encourages, and stimulates as a reflection of interactions with the persons and institutions that influence the life journey as a whole; it is a reflection of experience, learning and sharing.

Taking action is usually considered as getting half of the job done. Turning intent into action is fundamental to progress. In Goethe's words, "Knowing is not enough, we must apply. Willing is not enough, we must do."

The most current examples of the vitality of action can be found under the sustainability umbrella. Numerous issues experienced in diverse locations all around the world, the Climate Crisis and the COVID-19 pandemic that has imprinted the last two years manifest that so much more is needed in terms of action. At the onset of 2020, the United Nations declared the following ten years as the "Decade of Action". "Time is running out and, in the years ahead, everybody must work hard and take action within the frame of their responsibilities," the UN stated. Numerous exemplary, inspiring steps by various stakeholders to achieve the Sustainable Development Goals and Targets hit the agenda almost every day. And the difference that a country, an institution or an individual can make by taking action is described. The aim is to have action takers serve as a role model for the whole world...

To sum it up, the time to be just talking has come to an end. Action takers, inspirers by acting on their words are those that truly create value...

Taking action and inspiring through action are not new for Garanti BBVA. For the Bank that moves forward as one team thinking big and is referred to as a role model in its sector, acting on its words, dreaming of its yet-unspoken words to ultimately lead their implementation, and encouraging diverse stakeholders along the way are parts of the Bank's goal to bring the age of opportunity to everyone...

Based on these realities, Garanti BBVA asks a number of questions to itself and all its stakeholders in its 2021 Integrated Annual Report. As it responds to these questions with the actions it takes, the Bank actually intends to act as a major source of inspiration with its questions and answers. More importantly, the Bank takes this opportunity to urge everyone to mobilize.

**How does a bank create value? What is the power of action? What is the outcome if there is trust? Why is fiduciary responsibility a duty? How does collaboration shape the outcome? What is the impact of being a solution partner? Why is the journey important to reach the goal? What is the meaning of finance being sustainable? How is digitalization transferred on experience? What does human-centered bank mean? How is transformation created? What is achieved if risk is managed?**

The power of the combination of knowledge, expertise and learnings is a naked truth. With its answers to these questions, Garanti BBVA also conveys all its experience. The Bank transparently shares the value it creates by promoting continuous progress and invites everyone to ask these questions to themselves and to act.

Having completed 2021 with outstanding performance and success, Garanti BBVA, in the year ahead, will continue to back its differentiating strategy with the actions it takes, to constantly ask questions and search for their answers, to turn the answers into action, to offer them to the community in the form of products, services and benefits, to create value for all stakeholders, and to inspire everyone willing to benefit from it!

# About the Report

T. Garanti Bankası A.S. ('Garanti BBVA') is pleased to present the **fifth integrated annual report**, which makes a holistic assessment of its financial and non-financial performance, as well as conveying its forward looking strategy.

Garanti BBVA aims to communicate its thinking and its approach to long-term sustainable value creation to all its stakeholders in a clear and comprehensive way following the principles of **Integrated Reporting Framework** (<IR>Framework) of the **Value Reporting Foundation** (VRF).

In the document titled "2021 Integrated Annual Report", it shares a thorough account of its annual activities, financial and non-financial performance including value drivers and indicators, and its approach to corporate governance and risk management.

The content of the Report is determined in line with the material issues, which are identified as an intersection of issues raised by stakeholders and topics that are significant to Garanti BBVA, in line with the **strategic priorities, performance and outlook** within this scope. The information presented in the Report covers the 12-month period ending 31 December 2021, and unless otherwise specified, includes information on operations in **Türkiye** as well as the international subsidiaries in the **Netherlands** and **Romania**, foreign branches in **Cyprus** and in **Malta** and the international representative office in **Shanghai**. Where relevant, the information is supported by historical data.

As suggested in the Integrated Reporting Framework, the connection between the material issues, business strategy and performance in 2021 is clearly established. Garanti BBVA is a member of the VRF's Global <IR> **Business Network** and <IR> **Banking Network**, and is a founding member of Integrated Reporting Türkiye Network (**Entegre Raporlama Türkiye Ağı "ERTA"**).

This report has been prepared in accordance with **GRI Standards**: Core option. There are seven main chapters titled "Introduction", "About Garanti BBVA", "Our Governance", "Our Value Creation", "2021 performance and Outlook", "Corporate Governance", "Financial Reports and Appendices". It also includes the GRI Financial Services Sector disclosures, **United Nations Global Compact ('UNGC')** and **Women's Empowerment Principles ('WEPs')** Progress Report, and a summary table of climate related disclosures in accordance with the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations. The Report includes the Impact Report prepared in accordance with the Principles for Responsible Banking developed by the **United Nations Environment Program Finance Initiative ('UNEP FI')**, of which Garanti BBVA is a signatory. Garanti BBVA's 2021 Integrated Annual Report, which has been audited by KPMG and published with the decision of the Board of Directors, will be presented at the Ordinary General Shareholders' Meeting of Garanti BBVA.

KPMG provided reasonable assurance on the financial information in the annual report that was audited independently; and limited assurance on non-financial selected information defined in detail in the auditor's report.

## INTRODUCTION

The chapter provides a foreword on the reflection of Garanti BBVA's value creation story on 2021 Integrated Annual Report, keynote messages by Mervyn King, Chairman of Garanti BBVA and CEO of Garanti BBVA.

## ABOUT GARANTİ BBVA

The second chapter covers the Operating Environment, Corporate Profile, Our Competitive Advantages, Our Strategic Priorities,

Garanti BBVA's Position in the Business Areas, Integrated Financial Services Group, Position in the Sector, Garanti BBVA in Numbers with 5-year data, 2021 Key Performance Indicators, Summary of the Board of Director's Annual Report, Garanti BBVA Share and Shareholding Structure.

## OUR GOVERNANCE

The third chapter covers Our Governance and Organizational Structure, Board of Directors, Senior Management, Committees and Policies. The supervision and audit of Garanti BBVA's Board of Directors through committees, the effective structure established between the Board of Directors, Senior Management, Committees and the Bank within the scope of policies, principles and statements, diversity, training, experience and committee memberships of managers are included.

## OUR VALUE CREATION

The fourth chapter covers 'the Materiality Analysis', in which double materiality analysis added, 'the Stakeholder Engagement', 'Opportunities and Risks', which conveys Garanti BBVA's approach to megatrends, 'Value Creation Process' and 'Contribution to Sustainable Development Goals and Targets. In its 2021 Integrated Annual Report, Garanti BBVA stated the actions it took in detail on Sustainable Development Targets, by establishing a connection with its Material Issues, Strategic Priorities, and Capital Elements involved in its value creation according to the Integrated Reporting Framework. With this statement, Garanti BBVA aimed to prevent "greenwashing", the process of giving false impressions or misleading information about how companies' products and services are more sustainable, in its reporting.

## 2021 PERFORMANCE AND OUTLOOK

In the fifth chapter, begins with the work carried out to create responsible and sustainable value for all stakeholders under the section 'Our 2021 Material Issue: COVID-19'. The Chapter includes the sections Financial Health, Sustainability, Reaching More Customers, Operational Excellence, the Best and Most Engaged Team, Data and Technology, where performance and

outlook is covered in connection with the Strategic Priorities, the 13 Material Issues, that are presented in 'Materiality Analysis' and the value creating factors. Each of these six main topics both focuses on the past performance and shares strategies for the future. In addition, each topic links with Garanti BBVA's contribution to the Sustainable Development Goals.

## CORPORATE GOVERNANCE

The sixth chapter, 'Corporate Governance'; Internal Systems Governance, Risk Management, Audit and Risk Committee's Assessments, Reporting on the Compliance to Corporate Governance and Sustainability Principles, Ratings, Independent Auditor's Opinion and Assurance Reports, and Statements of Responsibility for financial reports and the annual report from the Audit Committee Members (Independent Board Members), CEO and Executive Vice President responsible for financial reporting. In the chapter, a guidance is made for the information and reports described in the Corporate Governance heading on Garanti BBVA's 2021 Integrated Annual Report website.

## FINANCIAL REPORTS AND APPENDICES

The final chapter guides to 2021 Integrated Annual Report website for the audited annual consolidated and unconsolidated financial statements for Garanti BBVA, in addition to Reporting Guidelines for the Non-Financial Disclosures, Scope and Boundaries of the Materiality Analysis, Environmental Performance Indicators, Environmental and Social Performance Indicators, TCFD Disclosure Table, UNEP FI Responsible Banking Principles Impact Report, UNGC and WEPs Principles Analysis According To GRI Standards Content, GRI Standards Content Index In Accordance with the Core Option.



# How does a Bank Create Value?

Recep Bastuğ  
President & CEO



Video



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

Leadership

Highest digital & mobile customer base

Inspiration

Pioneership

First and only bank to sign UN Net-Zero Banking Alliance from Türkiye

Inspiration

Commitment

Commitment not to finance coal and coal-related new investments

Inspiration

Sharing

TL 43.6 million for social impact focused Community Investment Programs

Inspiration

# Message from Mervyn King

 983  1 min  1  report

The company Garanti BBVA has done a detailed integrated report which will be presented at its annual general meeting.

It's first integrated report was some five years ago. The detail in this report indicates the application of mind collectively by the Board of the company.

For example, the report shows the reference by the Board to the United Nations Global Compact Principles, the Task Force on Climate-related Financial Disclosures as well as the progress of women in the group.

The company is to be congratulated on informing stakeholders about matters of substance and has not merely relied on form. The user of the report can with confidence draw conclusions about the long-term health of the company.

It can be used as a precedent for other companies in disclosing financial and ESG issues.

The company's integrated report deals with stakeholder engagement on a double materiality basis, that is dealing with impacts on the basis of inside out and also outside in. The company has also connected the sustainable development targets to its business model and in their creation of value.

It is an excellent report.

## Prof. Mervyn King SC

Chair Emeritus of the IIRC & Co-Chair Emeritus of the VRF

# Letter from the Chairman

 610  2 min  1  economy

## Dear Stakeholders,

2021 has been a year in which we saw partial normalization steps being taken as vaccination gained momentum all around the world, however uncertainties persisted due to the emerging new variants. Despite the ongoing pandemic impacts and the supply chain crisis, global markets recovered quickly in 2021, after enduring a recession with an unmatched and unseen magnitude in a long time. The IMF estimates the global economy to grow by 5.9% in 2021, following the 3.2% contraction in 2020.



The improvement in growth rates of global economies in 2021 brought along inflationist pressures. While the US announced the highest inflation figures of the past 30 years, inflationist pressures also increased in Europe. Inflation pressure also stemmed from the food supply that fell short of the demand because of the climate crisis, which ultimately led to food inflation. Not only the difficulties we are experiencing in the economy but also the noticeable increase in the number of natural disasters happening around the world once again remind us the significance of the steps we must take against global climate change.

In 2021, our country entered a normalization period, particularly starting from June onwards, with the accelerating pace of vaccination. With the start of normalization, increase in domestic demand and recovery in global demand drove economic growth to a considerably high level. Turkish economic growth is expected to reach %11 this year. Exports in 2021 increased by 33% year-on-year and significantly contributed to the growth. On the other hand, strong domestic demand and the depreciation in the Turkish lira, pressured inflation. Despite the currency shocks throughout the year, the Turkish banking sector maintained its solid asset quality, comfortable liquidity levels and profitability, proving its resilience

once again. Through this period, we, as Garanti BBVA, continued to serve our economy and society.

COVID-19 outbreak brought changes in our customer's habits and we were able to meet their needs thanks to the continuous investments we have made in digitalization for more than 20 years. We have provided uninterrupted and constantly improving service to all of our customers in 2021, on the back of our digital channels and our branch network with 100% geographical coverage.

As I have underlined before, sustainability is possibly one of the most important phenomena of our age. In 2021, we began experiencing the negative consequences of the climate crisis in our daily lives and in the economy. Sustainable finance and the combat against climate crisis are far beyond a strategic priority for us; they are also a performance criteria for all our employees. In this regard, in 2021, we continued to contribute to BBVA's 2025 pledge of channeling EUR 200 billion sustainable financing. As a bank, we will continue to work with determination to help our customers transition to a more sustainable future by offering green alternatives in almost all of the products we offer.

In November 2021, our principal shareholder BBVA made a voluntary takeover bid to acquire Garanti BBVA's publicly held 50.15% stake. The process is expected to be completed in the first quarter of 2022 after the necessary regulatory approvals have been obtained. BBVA's takeover offer shows its trust and belief towards our country and our Bank. We will continue to undertake projects that add value to society and the economy with this partnership that is getting stronger day by day.

As always, we will be standing by our customers regardless of the circumstances, contributing to our society and the economy, while creating value for all our stakeholders in 2022, on the back of our proactive balance sheet management and our competent human resource.

I thank you all, my colleagues, our valuable customers, shareholders, and all other stakeholders...

Sincerely,

**Süleyman Sözen**

# Letter from the CEO

 1,304  5 min  2  growth

## Dear Stakeholders,

The overwhelming COVID-19 pandemic compelled global markets to inevitably focus on loose monetary policies and fiscal incentives in 2020. In 2021, we experienced the outcomes of these policies and witnessed the start of the recovery period enabled by vaccination. In fact, despite the persistent impact of the pandemic, economies were able to avoid extensive lockdowns resembling those enforced in 2020. A similar recovery took place also on the global trade side. Following a contraction above 15% annually in 2020, global trade is estimated to grow by 10.8% in 2021 according to the forecast of WFO. Acceleration in the vaccination process helped eliminate the restrictions substantially as the tourism season was opening. With the combined effect of all these factors, global economy registered a strong growth in 2021 following the shrinkage we have seen in the previous year. The IMF estimates a growth rate of nearly 6% for the global economy in 2021.

In a similar vein, the Turkish economy also achieved high levels, contributed by both the domestic demand and the increased external demand. The mostly domestic demand-driven character of growth and the volatility in the currency, especially later in the year, has put some pressure on inflation. Having started the year at 17%, the policy rate was increased to 19% in March with a 200 bps rate hike decision and ended the year at 14% following the gradual rate cuts that started in September. Decreasing funding costs in the last quarter of the year, coupled with the solid loan growth backed by domestic demand supported the banks' margins, especially in the last quarter. CPI linkers portfolio of the Turkish Banks have also



helped hedge their balance sheets against the surging inflation. Despite these tough circumstances that challenged both global and domestic economies in 2021, the Turkish banking sector and Garanti BBVA both proved their resilience once again. We ended the year with very successful results.

To this backdrop, Garanti BBVA continued growing while increasing its profitability by its dynamic balance sheet management, and continued to strengthen its capital and asset quality. As the Bank increased its consolidated total assets by 57% on an annual basis, bringing it to TL 849 billion, total performing loan growth reached 42%, whereas the securities portfolio recorded an annual growth of 34%. Garanti BBVA also has the highest share of interest earning assets in total among the peers, with 82%.

We have increased our market share in TL loans by 60 bps in 2021, with a 27% annual growth in TL performing loans. The TL loan growth has been balanced among the corporate and retail portfolios.

Our usual prudent and proactive approach and the accurate and transparent classification of our loan portfolio has made our asset quality extremely clear and visible. Going forward, even potential deteriorations in asset quality will be easily covered thanks to our high loan coverage ratios levels. This cautious stance and our solid capital enable us to grow while contributing to the economy uninterruptedly.

The pandemic triggered an extremely rapid progress in terms of digitalization in the sector. Over the last two years, Türkiye has been the scene to one of the fastest digital developments in the world. New customer acquisition of banks was digitalized, in addition to their products and transactions. We preserved our leadership position in digital banking owing to our long-lasting investments in this area. Making use of the power of technology, we kept standing by our customers and offering them life-easing solutions. Hence, the number of our active mobile customers increased by 38% from 7.7 million at the end of 2019, to 10.6 million at the end of 2021. The number of our active digital customers, on the other hand, exceeded 11 million.

2021 has been a year in which sustainable finance dominated sector trends in not only our country, but all around the world. As Türkiye, we signed the Paris Climate Agreement. The biggest players in sustainable development will undoubtedly be the banks that provide two-thirds of the global finance. While continuing our operations as carbon neutral since 2020, we also became the first and only bank from Türkiye to make a commitment to the UN Net Zero Banking Association this year. Prior to this commitment, we became the first bank in Türkiye to announce that it will not finance coal and coal-related activities. In the same year, we realized a first in the world in terms of innovative sustainable finance products and realized the world's first Green Public Offering. As a first in our country, we implemented the Garanti BBVA Climate Index and the Corporate Green Vehicle Package. Alongside the changes we are making to our own operations, we continue to encourage our society and our customers to make the transition to a greener future.

As we work to combat climate change and strive for a sustainable world, we introduced the Blue Breath Project in cooperation with the Turkish Marine Environment Protection Association/TURMEPA to undertake waste surface cleaning in the Sea of Marmara and carry out awareness trainings on sea cleanliness in provinces in the region in an effort to prevent sea pollution. Under the sea cleaning leg of the three-year project, two sea sweepers that will clean the Istanbul Strait will also be dispatched to other locations for mucilage and solid waste cleaning in case of emergencies. Through the awareness training programs that make the second leg of the project, we aim to raise awareness of sea cleanliness among future generations. We will contribute to increased awareness in the region by way of training to be offered primarily to 60 thousand students and 4 thousand students in the Marmara Region.

## FOR 2022 AND BEYOND...

Amid this environment of economic recovery, our Bank will maintain its growth policy in line with its targets of helping our economy achieve sustainable growth and expand on a healthy and solid base. We preserve our target to outgrow the sector's average in lending. While we aim to attain growth in every segment,

we are anticipating a higher demand from the customer side. As we continue to manage the processes regarding non-performing loans and collections performances in order to protect both the financial health of our customers, and also the asset quality of the sector, we will also duly monitor and analyze the portfolio to provide the timely and right support to our customers.

Our strategic projects and efforts will also go on at full speed. We will keep working to optimally satisfy our customers' needs and demands with the aim of being their trusted financial partner. We will sustain our investments in our business model and digital infrastructure, and focus on broadening the service and product range offered on our digital and mobile channels.

As Garanti BBVA, we believe it is vital to care for the future of the nature and the planet we live on and to incorporate this notion in our business plans; we strive to be guided with this consciousness in our actions and operations. With our identity as the pioneer bank in sustainability, we will spend every effort to raise increased awareness of the issue, and to positively influence all our customers, employees, and stakeholders also in 2022.

I consider us to be an organization that makes a difference with our sustainable financial success, our leadership in technology and innovation, our qualified employees, our agile and transparent corporate culture. At Garanti BBVA, we attach importance to not just the impact we create in the economy, but also on the value we contribute to the environment, social life and technology and we act with this awareness. I thank all my colleagues who have devoted their hard work and commitment for making all these happen, and all our stakeholders and customers, who have joined us in this journey, for their continuing support and trust.

Sincerely,

**Recep Bastuğ**

# What is the Outcome if There is Trust?

**Mevhibe Canan Özsoy**  
Independent Board Member



Video



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

*Choice*

**>20 million customers**

Trust

*Team Spirit*

**One team of >18 thousand employees**

Trust

*Progress*

**Stakeholder engagement and solution partnership**

Trust

*Longevity*

**Foreign shareholder base from 33 countries**

Trust



# The Environment We Operate in

2,252 9 min 6 Türkiye

## 2021 MACROECONOMIC OVERVIEW AND 2022 OUTLOOK

### STRONG GLOBAL ACTIVITY, NORMALIZING ECONOMY POLICIES

Globally, 2021 has been a year of continued, even if gradual, normalization of COVID-19's effects. While especially widened vaccination and the measures already taken backed the recovery of economic activity, the post-pandemic - **supply chain issues and deferred demand that was triggered by increased savings kept the inflation high throughout the year.** As **growth in the US remained close to 6%**, it markedly exceeded its potential at **5% in the Eurozone.** On the inflation side, **consumer inflation rose to 5% in the Eurozone and 7% in the US** at the end of 2021.

The potential higher levels in inflation for longer than projected pushed the **US Federal Open Market Committee (the Fed)** to adopt a more hawkish tone. The Fed **already began cutting bond purchases at a faster pace;** while communicating that the **policy rate might be hiked sooner and faster** than anticipated, it suggested that it might **begin to reduce the size of its balance sheet** during 2022. While the **European Central Bank (ECB)**, on the other hand, is expected to keep its **asset purchasing at a more moderate level**, the ECB, as opposed to the Fed, maintained its balanced communication in contrast to a fast policy normalization. In **China**, however, **additional incentives** began to be announced **in addition to rate cuts** for the purpose of disallowing a sharp deceleration in growth.

In this context, global economic activity is anticipated to sustain its growth trend but to sustain some loss of pace due to the post-pandemic normalization of policies. We project that **in 2022, the US economy might expand by -4.2% and the Eurozone by 3.7%.** In **China**, on the other hand, **growth might step down to 5.2% amid the current financial stability issues.**

**Global liquidity**, which we **anticipate to shrink** in 2022, might lead to **increased risk premium**, and in turn, **low capital inflows to emerging economies.** In this framework, potential **global risks** can be listed as **more permanent high inflation, financial stress** caused by more aggressive withdrawal of monetary incentives, new **COVID-19 variants** that escape vaccine immunity, **a sharper deceleration in the Chinese economy, and social and geopolitical tensions.**

### GDP GROWTH PROJECTIONS\* (Annual Change)

	2019	2020	2021	2022	2023
US	2,3	-3,4	5,6	4,2	3,1
Eurozone	1,6	-6,5	5,1	3,7	2,7
Spain	2,1	-10,8	5,1	5,5	4,9
Latin America	0,7	-6,7	6,7	2,0	2,2
Argentina	-2,0	-9,9	10,0	3,5	2,0
Brazil	1,4	-4,1	4,5	1,0	1,8
Chile	0,9	-5,8	11,4	1,0	1,5
Colombia	3,3	-6,8	10,0	4,0	2,8
Mexico	-0,2	-8,4	5,3	2,2	2,7
Peru	2,2	-11,0	13,1	2,3	3,0
Türkiye	0,9	1,8	10,8	3,5	3,0
China	6,0	2,3	8,1	5,2	5,2
World	2,9	-3,2	6,1	4,4	3,7

\* BBVA Research January 2022 projections.

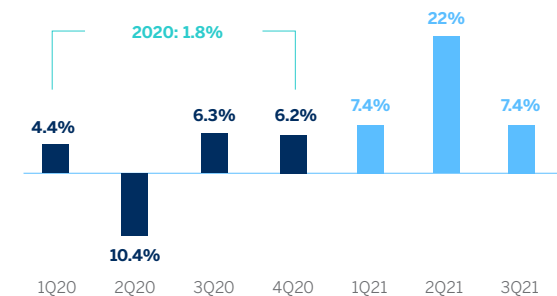
### TÜRKİYE: GROWTH DRIVEN MOSTLY BY EXTERNAL DEMAND, INCREASED FINANCIAL VOLATILITY

In addition to the **globally increased volatility, domestic political and economic developments** kept the stress high in financial markets in general in 2021. **Rate cuts** initiated from September by the Central Bank of the Republic of Türkiye (CBRT), coupled with other **expansionary policies**, gave rise to **depreciation of the Turkish currency and increased risk premiums** in the last quarter of the year. Although the **measures announced by the economy administration to incentivize Turkish lira assets resulted in some stabilization**, inflation might still follow a high course during 2022.

The **high growth momentum** in Türkiye enabled by the post-pandemic policies pursued drove growth close to **11%** in 2021. While this high ratio includes a base effect of as high as 5.5 points, even excluding this effect, the Turkish economy **markedly outgrew its potential** in 2021. As **domestic and external demand** contributed together to growth, the strong recuperation especially in the Eurozone and the upturn in **tourism revenues** kept the external demand high. **According to our projections, external demand might still be the main determinant of growth also in 2022**, which might realize as **3.5%** for the whole year.

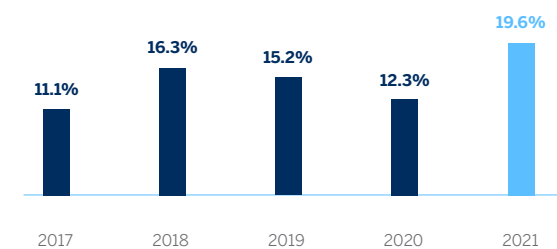
Notwithstanding, **increased cost pressures, developments in domestic demand, changes in inflation expectations** and the **exchange rate pass-through** that recently gained the foreground caused a pronounced deterioration in inflation outlook. As **annual consumer prices index shot up to 36.1%** at year-end 2021, domestic producer prices inflation closed in on 80%. We project that **average** consumer inflation might remain **near 50%** for the whole year in 2022 and might **slide down to close to 35% at year-end** owing to favorable base effects.

### GDP GROWTH (Annual Change)



Source: TurkStat

### Consumer Inflation (Annual Average)

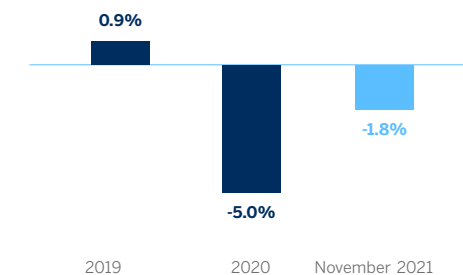


Garanti BBVA Integrated Annual Report 2021

In terms of **monetary policy**, following the **500 bps cut** that was realized in the **September-December 2021** period, the current stance might be preserved for a while in 2022, and the **potential increases in risks** on the side of **inflation and exchange rates** can be managed through **supports to be provided from fiscal and credit policies.** In this context, an estimation projecting the use of the fiscal area and gradual expansion of the budget deficit might take place. Therefore, the **central government budget deficit rate**, which we estimate to have ended **2021 at 2.8% of GDP**, could go up to **as high as 6%** at the end of 2022.

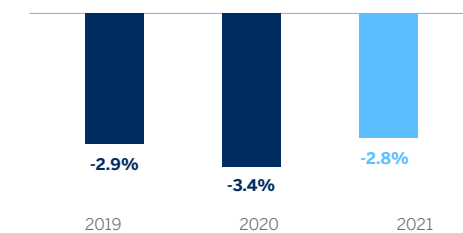
External balance, on the other hand, produced a **current deficit** (1.9% of GDP), which went down to **USD 15 billion** in 2021, a result **contributed by increased net exports.** In 2022, the **core balance excluding energy and gold might yield a record surplus with the support of export and tourism revenues in particular; however, the anticipated surge in the energy bill and the predicted normalization in gold imports might preclude** the generation of a significant current surplus. Accordingly, with a projected current deficit of **USD 3 billion** (0.5% of GDP) for 2022, **almost a balance can be captured.** Therefore, it might turn out to be **a period of expanded public deficits financed by private savings.**

### Current Account Balance (% GDP)



Source: TurkStat, Ministry of Treasury and Finance

### Central Budget Balance (% GDP)



**OPPORTUNITIES AND CHALLENGES OF THE TURKISH ECONOMY**

The country's **geopolitical position** and her **dynamic population** continue to act as the **biggest strengths** of the Turkish economy. Serving as a **bridge in transportation particularly to Europe**, Türkiye preserves its status as an **important hub**.

The fact that Türkiye's **demographic structure** has a **young composition** and **continues to grow**, i.e., **population ageing is slower** than in other countries, presents a big window of opportunity for the period ahead. According to TurkStat's base projections, the **population** is expected to **grow by 1% on average by 2030**. In addition to that, **median age is 32** according to 2020 data, which manifests a highly younger population versus other countries.

Pushing the **weak labor force participation rate in women higher**, and **supporting** the population with **possible reforms in the education system** in alignment with the **digital age** could **contribute significantly to the potential growth of the Turkish economy**.

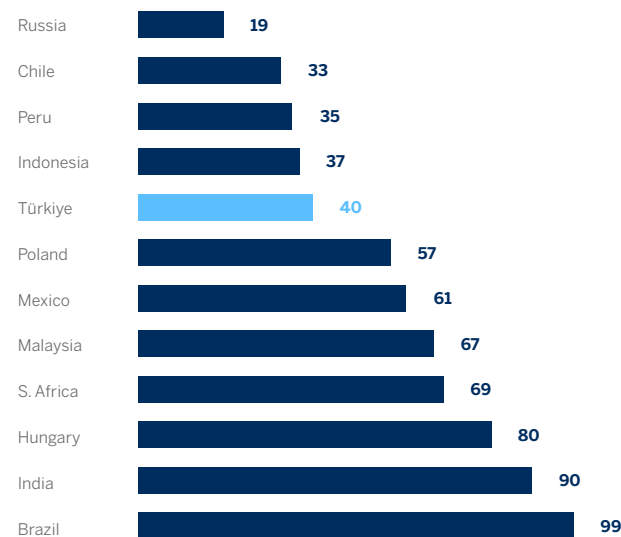
The high dependence of production on intermediate goods imports in Türkiye and her continued place in the lower part of the global supply chain result in structural current account deficit. Therefore, in this period when we are expecting **shrank global liquidity**, it is critical for Türkiye to bolster capital inflows through accurate policies. On another note, **striving to take place in the high added-value part of the global value chain** will be significant in terms of **attaining structural transformation in the current account balance**. To this end, the economy administration has already **begun implementing some structural reforms** such as **increasing savings tendencies** and **attempting to lower intermediate goods imports by replacing them with domestic production**. Furthermore, **pursuing alternative domestic energy resources in an effort to lessen dependence in energy** would also be supportive in this sense.

\* IMF October 2021 World Economic Outlook

The level of CBRT reserves and the level of the private sector's FC position in comparison to emerging countries increase exchange rate volatility under possible stress conditions in global financial markets, causing vulnerability against external shocks. **Continued reduction of external debts by the private sector, and sustained implementation of the essential structural reforms by the Government in conjunction with the program initiated to increase savings could diminish both external financing needs and vulnerabilities in economy.**

**Fiscal discipline** has long been an **important anchor** for the Turkish economy **when compared to other countries**. Hence, the **rapid expansion potential of the budget deficit resulting from the latest measures implemented** and the **growing FX share within the composition of the public debt stock** must be managed diligently. The general government debt stock to GDP ratio has been **meeting the EU Maastricht Criteria of 60% since 2004**. The **inflation that increased to double-digit numbers** and increased volatility in inflation as a result of the latest developments pose a **challenge with respect to the economy that must be overcome**, as they diminish predictability and welfare level.

**Public Gross Debt Stock\* (% GDP, 2020)**

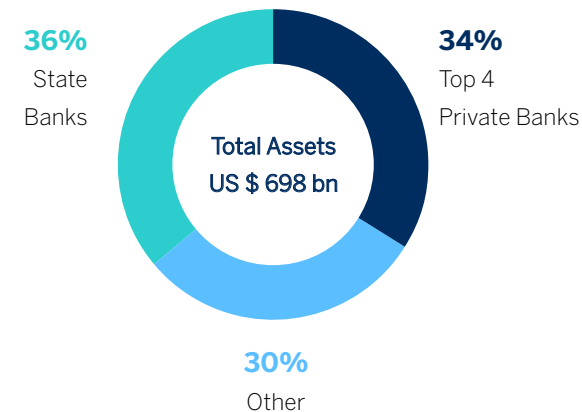


**OPPORTUNITIES AND CHALLENGES OF THE TURKISH BANKING SECTOR**

The Turkish banking sector is strictly regulated and highly monitored by two powerful agencies; the Banking Regulation and Supervision Agency (BRSA) and the Central Bank of the Republic of Türkiye (CBRT).

According to the BRSA sector data as of December 2021, there are 53 banks operating in Türkiye (29 private commercial banks, 3 state-owned deposit banks, 15 development and investment banks, 6 participation banks). The top seven banks, three of which are state-controlled, are holding 70% of the banking sector's total assets, and 74% of deposits in Türkiye. The current fragmented structure presents future opportunities for mergers and acquisitions between the banks.

**Total Assets Breakdown**



The fact that **53% of Türkiye's population is younger than 35 years old** is one of the key indicators of the growth dynamic of the Turkish banking sector. In addition, the statistical indicator of a **78% internet penetration rate and 73% mobile internet penetration in Türkiye** points out considerably higher penetration levels than World average (60% and 55% respectively). Young and digital savvy population offers an opportunity for the sector to progress. Besides, when comparing **loan penetration** between Eurozone banks and Turkish deposit banks, Turkish deposit banks have a Loans/GDP ratio of **54%**, whereas the Eurozone has a rate of **103%**. In addition, while the ratio of **household debt to GDP** is **15%** in Türkiye, it is **61%** in the Euro Zone. This indicates an environment where penetration is low and potential for banking activities is high compared to Europe.\*\*

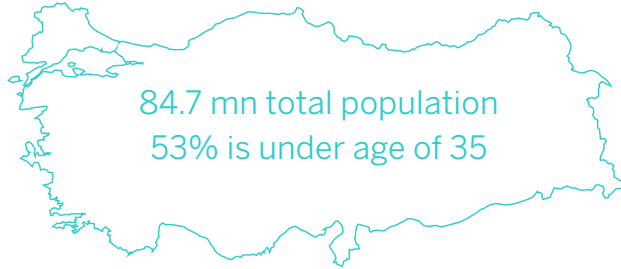
	Number of Banks	Share in Assets	Share in Loans	Share in Deposits
Top 4 Private Commercial Banks	4	34%	33%	35%
State Banks	3	36%	37%	39%
Other Private Commercial Banks	25	16%	15%	16%
Development & Inv. Banks	15	7%	8%	-
Participation Banks	6	8%	7%	10%

**TOTAL: 53**

\* Sector figures are based on 31 December 2021 bank-only financial results of the banks and BRSA monthly data as of December 2021.

\*\* Sources: TURKSTAT, BRSA, We Are Social, ECB Statistical Data Warehouse, Eurostat, CBRT Financial Accounts Report

**FAVORABLE DEMOGRAPHICS WITH A DIGITAL-SAVVY POPULATION AND STILL UNDERPENETRATED BANKING SECTOR COMPARED TO EUROPE**



	Türkiye	World
<b>Internet Penetration</b>	<b>78%</b>	<b>60%</b>
<b>Mobile Internet Penetration</b>	<b>73%</b>	<b>55%</b>
<b>Banking and Financial Services Apps Usage</b>	<b>48%</b>	<b>39%</b>

(among adult internet users)

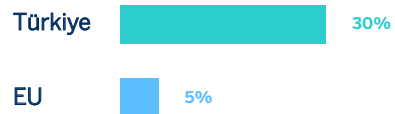
The Turkish banking sector had a **compound annual growth rate of 21%** in total assets since 2002. With the decrease in the effects of the pandemic, the normalization process and the revival of economic activity; the Turkish banking sector achieved **a sustainable and an average inflation level loan growth in 2021** on top of above-projected loan growth occurred in the previous year as a result of the additional loan packages that were introduced due to the COVID-19 pandemic and the relatively low interest rate environment.

The Turkish commercial banks continued to reduce their foreign currency loan exposures, which they have been reducing since 2017, this year as well. During this period, **the compound annual growth rate in foreign currency loans in dollar terms was -6%**.

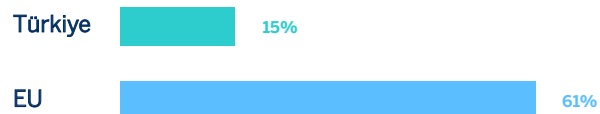
1 The CBRT's Financial Accounts Report 2021 – 3rd Quarter

**STILL UNDERPENETRATED BANKING SECTOR COMPARED TO EU**

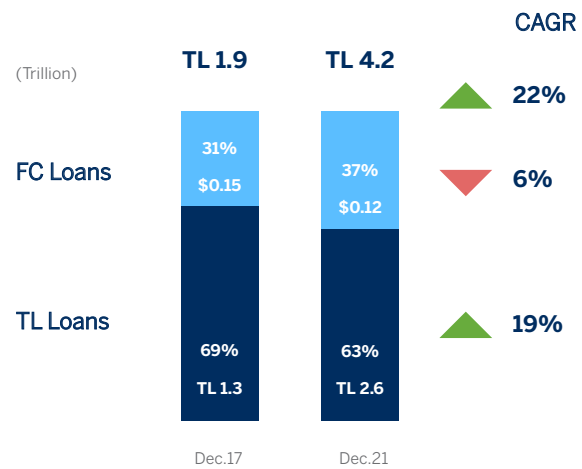
**Unbanked Population** (ages +15)



**Household Debt / GDP<sup>1</sup>**



**# of Branches per 100k Adults**



The sector funds **17% of its assets from foreign currency external funding resources**. As Turkish banks do not fund their long-term loans such as project finance loans or mortgages with short-term deposits, they turn to long-term borrowings from international markets. While that indicates at the sector's sensitivity to external developments, **the Turkish banking sector's dependence on external borrowing decreased from 2017 given the slumped demand for long-term FC loans and their redemption, and it will continue to do so.**

The BRSA regularly monitors the net foreign exchange positions of the banks. The regulations on the foreign exchange position are among the factors that reduce the exchange rate risk exposure of the banking sector. According to the 'Regulation On Calculation And Application Of Foreign Exchange Net General Position / Own Funds Standard Ratio By Banks On Consolidated And Non-Consolidated Bases', weekly simple arithmetical average of absolute values of foreign exchange net general position / regulatory shareholders' equity standard ratio calculated over business days cannot exceed twenty percent. Banks carry out hedging transactions by holding positions within these limits in line with the needs required by their balance sheets.

Another driver behind the growth of the Turkish banking sector is the **high liquidity and solid capital structure** of the banks. The Turkish banking sector is **in compliance with Basel III** guidelines. An in-depth analysis of the capital structure of Turkish banks exhibits that the banking sector's capital is mainly made up of Common Equity Tier I capital (**as high as 73%**), namely paid up capital, legal reserves, profit for the period and retained earnings. It is just the opposite, however, for European and US banks.

The BRSA has been monitoring the liquidity position of the banks closely. **Liquidity Coverage Ratio** requires banks to carry high quality liquid asset reserve sufficient to cover their net cash outflows and the ratio is **well above the required levels indicating at Turkish banks' solid liquidity position**. Customer deposits constituting **60%** of the total assets serve as the main source of funding of the Turkish banking sector. However, average

Note: Sector data are based on monthly data of BRSA among Deposit Banks.

maturities of deposits are mostly 1 to 2 months due to the high inflation/high interest period in Türkiye's past. Given this short term nature of deposits, maturity mismatch is unavoidable for the Turkish banking sector. As a result, faster deposits pricing occurs versus loan pricing. This situation may create short-term pressures on the net interest margin (NIM) in an environment where funding costs are rising. Against this volatility in interest rates, **the Turkish banking sector invests in CPI-linkers in order to hedge their balance sheets.**

The uptrend in inflation in 2021 drove **the returns on CPI-linkers upwards as compared to 2020**. In this way, the returns on CPI-linkers supported net interest margins and profitability by reducing the pressure created by inflation on funding costs and operational expenses.

The asset quality of the banking sector improved in 2021 with the recovery of economic activity and the temporary forbearance measures offered by the BRSA. Although a gradual deterioration in asset quality is likely with the end of the temporary measures, a significant pressure on asset quality is not expected in 2022 due to banks' prudent loan classifications and high coverage ratios.

# Corporate Profile

626 3 min 2 bank

Established in 1946, Garanti BBVA is Türkiye's most valuable and second largest private bank with consolidated assets close to TL 849 billion (USD 64.9 billion) as of December 31, 2021.

Garanti BBVA is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, besides international subsidiaries in the Netherlands and Romania.

Its custom-tailored solutions and wide product variety play a key role in reaching TL 610 billion performing cash loans and non-cash loans. Garanti's capital generative, disciplined and sustainable growth strategy that strictly adheres to solid asset quality enables the Bank to move forward strongly. The Bank has a leading position in key banking service areas:

- Second largest private bank in TL lending with 19.2% market share among peers.
- Highest TL customer deposit base among private peers with 19.7% market share
- Leadership in consumer loans with close to 20 million retail customers
- 17.5% market share in TL business banking and ranks #2
- Ranks #1 in Brand Power amongst private peers and #1 in SME NPS

- Unrivaled leadership in all financial indicators including Net Interest Margin, Net Income\*\*, Fees & Commission Income and Return on Equity\*\*.

Garanti BBVA's purpose is to bring the age of opportunity to everyone, and with this purpose the Bank works to create value for all of its stakeholders. In the light of strategic priorities; the Bank focuses on improving the customers' financial health by providing advice and actionable insights to them. The Bank puts emphasis on influencing decision-makers and other players in the sector regarding sustainability and making sustainability as mainstream. Garanti BBVA creates shared value and drives positive change through lending based on impact investment, as well as strategic partnerships and community programs focusing on material issues for both Garanti and its stakeholders.

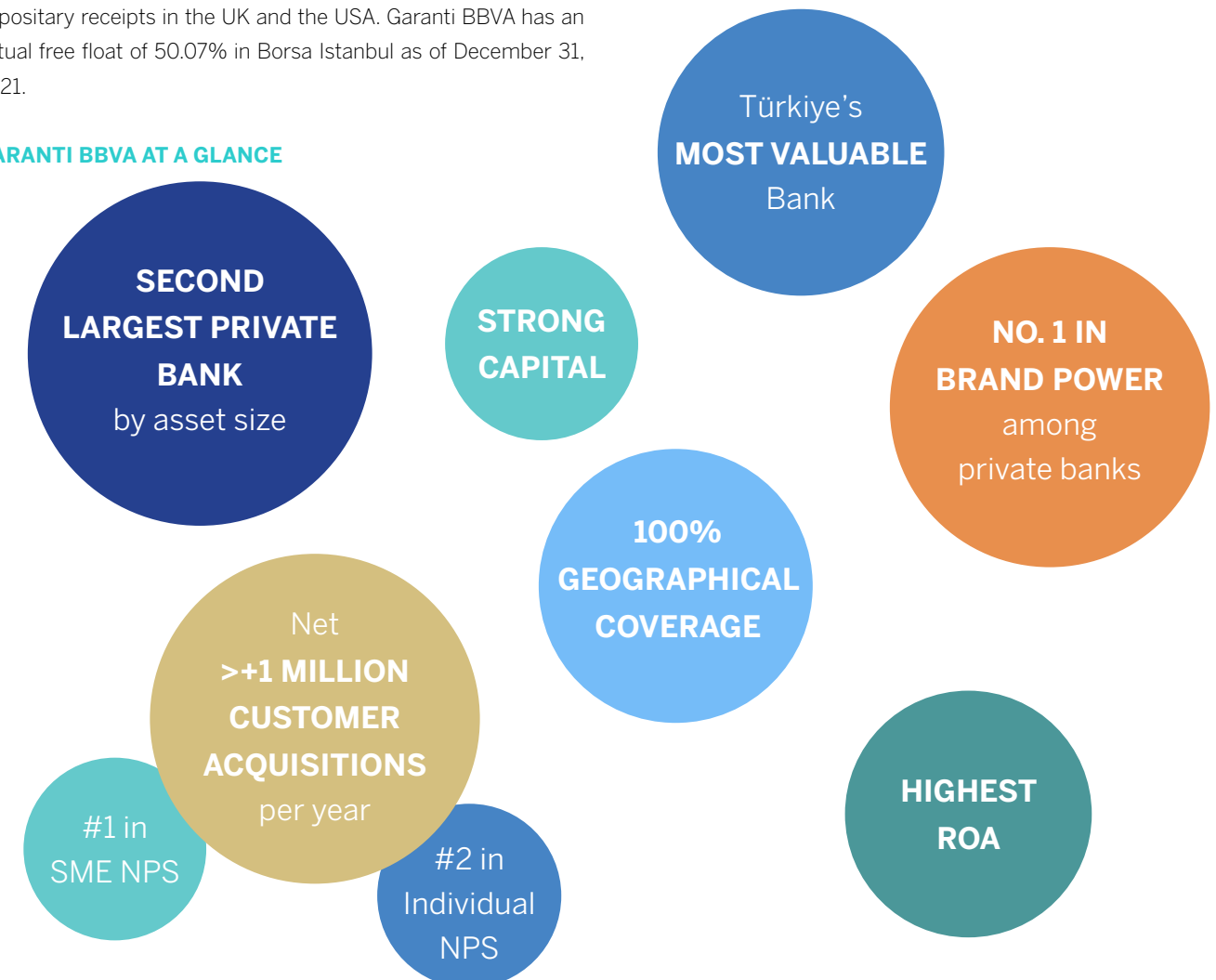
Garanti BBVA constantly improves its business model and processes with operational excellence priority and keeps a close eye on financial and non-financial risks. In order to accelerate and drive its value creation; bank continues to focus on reaching more customers by being wherever customers are. As of December 31, 2021, Garanti BBVA provides a wide range of financial services to its more than 20 million customers with 18.354 employees through an extensive distribution network of 863 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 1 international representative office. Garanti BBVA offers an omni-channel convenience with seamless experience across all channels with 5.401 ATMs, an award winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Data, technology and "best and engaged team" are the key accelerators of strategy. Since 2019, Garanti BBVA has acquired more than 2.5 million new customers and exceeded 11 million digital and 10.6 million mobile customers and the share of digital sales in total sales has surpassed 80%. The Bank is continuously investing in robust and reliable technology, leveraging advanced

data analytics and artificial intelligence. Recognizing that human capital is the driving force behind all progress, the Bank builds systems to recruit, train and develop young and innovative individuals on a continuous basis, to provide a working environment that encourages full utilization of employees' skills, offers a wide range of opportunities and ensures recognition and awarding of their accomplishments.

Implementing an advanced corporate governance model that promotes the Bank's core values, Garanti has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share\*. Its shares are publicly traded in Türkiye, and its depositary receipts in the UK and the USA. Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of December 31, 2021.

## GARANTİ BBVA AT A GLANCE



\* On November 15, 2021, BBVA announced that The Board of Directors of BBVA decided to launch a voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş. not already owned by BBVA. BBVA estimates that closing of the voluntary takeover bid will take place in the first quarter of the year 2022.

\*\* When adjusted with free provisions

Note: Market shares and rankings based on bank-only BRSA Weekly Data, among private banks

Note: Branch, ATM and Customer data do not include companies subject to consolidation.

# Our Competitive Advantages

509 2 min 2 customers

## TALENT AND CULTURE MANAGEMENT

- Practices focusing on employee happiness and work-life balance
- Awarded talent programs
- Platforms for employees to share their suggestions and innovative ideas
- Development model aligned with changing dynamics, where employees take responsibility for their own development in line with their career goals and shape their developments
- In accordance to the strategic priority of "The best and most engaged team", continuous investment mindset with a focus on employees' development, happiness and well-being in order to ensure work-life balance
- A fair and transparent management policy based on performance, focused on equal opportunities, diversity and internal promotion
- Management approach that supports diversity - the only company from Türkiye to be included in the Bloomberg Gender Equality Index for six consecutive years
- 37 hours of training per employee on average per annum
- Richer training content and processes with a higher degree of digitalization backed by new platforms and new portals

## STATE-OF-THE-ART TECHNOLOGY AND DATA SCIENCE

- Business-integrated and agile project management
- In-house developed, custom-fit IT solutions and applications
- Uninterrupted transaction capability and infrastructure security
- Data-driven and agile decision-making processes
- Managing data as a corporate asset with governance models
- Business intelligence creation for smart decision making at every level of business using advanced data analytics
- Continuous investment in people and technology to improve big data engineering and analytics

## SEAMLESS CUSTOMER EXPERIENCE

- Products and services blended with emerging trends and supporting customers' financial health
- Suggestion mechanisms that help the customers make the best financial decisions
- Lean and clear processes designed end-to-end through customers' eyes
- Smart systems offering fast and flexible solutions by predicting customer demands
- Multi-channel customer relationship management tools delivering financial solutions to customers at the time and place of their choice while promoting their fast adaptation to the digital world
- Employee approach that places customers at the center of activities and prioritizes customers at all times

## STRONG BRAND AND CORPORATE REPUTATION

- Holistic reputation management approach and strong reputation index
- Garanti BBVA is described by consumers as "A pioneer in technology, offering innovative solutions to its customers' needs, approaching its customers in a close, convenient and clear manner"
- Holistic communication and community investment programs focused on social impact contributing to corporate reputation and brand equity
- The first and only signatory from Türkiye to the UN Net Zero Banking Alliance (NZBA)

## SEAMLESS EXPERIENCE ACROSS ALL CHANNELS

- One-stop solution service model at branches capturing the benefits of digital world for better customer experience
- Presence in all 81 cities with widespread branch network
- Leading position in mobile & internet banking; 11 million active digital customer base
- Leading financial Customer Contact Center with more than 60 million customer contacts per year
- Over 66 million interactions with UGI, the smart assistant that delivers new, easy, fast and more advanced experience to Garanti BBVA Mobile users
- BonusFlaş: Campaigns, card activities and new generation payment technologies in a single platform
- Rapid and secure e-commerce payment without sharing card information at more than 2,600 entities via GarantiPay
- >5,400 ATMs, also serving non-bank customers through cardless transactions

# Our Values and Purpose

 630  3 min  2  values

At the heart of Garanti BBVA's employee-centric approach lies its Values spelled out with the involvement of its employees in 2017.

The values that have been identified through workshops and focus groups with the employees in a bid to redefine them reflect not only the attitudes and the vision of Garanti BBVA employees, but also their working models.

Entailing three actions that support each value around the three core values, this activity is reviewed annually by Garanti BBVA Group employees. On this occasion celebrated as the Values Day on the same date in all countries to re-familiarize with, assimilate and live the values, employees redefine organizational strengths, improvement areas of leadership, and the future of teamwork, in addition to taking part in entertaining activities.

Grounding its corporate culture on its Values, Garanti BBVA continues to work towards raising increased awareness by frequently incorporating these values in employee communications. On the other hand, the Values take place in the basis of all employee-centric practices.

While the Values make up the foundation of employee attitudes and actions towards customers, they also serve as the guarantee of Garanti BBVA's reputation. In this context, the Bank keeps displaying a holistic approach to corporate reputation management and takes the necessary actions through related planning in this direction, while creating a culture that is designed, assimilated and recognized by the employees themselves. For instance, the notion "This is our bank" is reflected in the maximum performance attained by all employees as they do

their jobs devotedly and enforce this value in their attitudes towards all stakeholders that they touch; all employees know what that maxim means.

Employee career and development model measures the extent to which these values are enforced by the employees through performance assessments; specific educational and development tools are made available as part of the development plan resulting from these measurements, which also aim to ensure continued development throughout the year. In addition, adherence to values are evaluated in a dedicated category in the reward program.

The formation of the culture around the values are addressed from a number of different angles and all employees are supported in this regard.

Stakeholder interaction and the involvement of beneficiaries in decision-making processes is another key constituent of value creation. In terms of talent and culture management, it is reflected not only in HR processes but also in platforms enabling all employees to share their opinions and suggestions; it makes the foundation of the strategy within the scope of the values.

Set up under the Talent and Culture team in a bid to sustain a culture within which Values are molded by employee opinions and enforced, the Internal Communication and Culture team is in charge of initiatives designed to improve and better employee life at Garanti BBVA, such as employee happiness and assimilation of the leadership model, as well as the Values project.

## OUR PURPOSE

**TO BRING THE AGE OF  
OPPORTUNITY TO EVERYONE**

## OUR VALUES



- We are empathetic
- We are integrity
- We meet their needs

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.



- We are ambitious
- We break the mold
- We amaze our customers

Innovation is embedded in the corporate culture of Garanti BBVA that heeds employee opinions. Employees in each position inspire their colleagues and their circles with the job they do. When serving their customers, Garanti BBVA employees go beyond meeting their needs and offer solutions that amaze the clients.



- We are committed
- We collaborate
- This is our Bank

Fostering Garanti BBVA's work culture, this value encompasses employee collaboration, the importance of commitment to work, and the sense of responsibility that needs to exist in order to achieve the "common purpose".

# Our Strategic Priorities

 388  2 min  2  customers

## DIFFERENTIATED VALUE PROPOSITION



### FINANCIAL HEALTH

- Financial advisory to our customers to help them make the right/healthy financial decisions
- Offer our customers solutions and suggestions that cater to their needs so as to help them attain their goals
- Deliver an excellent customer experience by placing the customers at the center of all our activities
- Build long-lasting relationships with customers and be their trusted partner



### SUSTAINABILITY

- Positively influence customers, decision-makers and the sector being the leading bank in sustainability; continue to support raising increased awareness of this matter
- Increase the diversity and use of our sustainable products offered to customers
- Observe climate change-related risks and opportunities; integrate them into our business processes and risk policies
- Focus on community investment programs which deliver impactful outcomes on material topics and observe impact investment principles

## DRIVERS OF SUPERIOR

## PERFORMANCE



### REACHING MORE CLIENTS

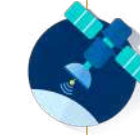
- Expand our customer base and deepen our customers' relations with our bank
- Be wherever our customers are; make effective use of new channels including digital customer acquisition and partnerships
- Grow in areas of focus while monitoring risk and cost



### OPERATIONAL EXCELLENCE

- Constantly build on our business model in various ways including process automation, transaction convenience and enriched remote services, etc.
- Increase end-to-end digital solutions, continue to improve experience through investments in our digital platforms
- Use capital effectively and maximize our value creation while focusing on sustainable growth
- Constantly improve our business model and processes with operational efficiency point of view while pursuing cost and revenue synergies
- Effectively manage financial and non-financial risks

## ACCELERATORS



### DATA & TECHNOLOGY

- Increase the agility and strength of our technological infrastructure and platforms
- 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
- Effectively use data analytics in various areas such as offering the right product to our customers, pricing, risk management, etc.



### BEST & MOST ENGAGED TEAM

- Invest in our human capital with a focus on their development, happiness and well-being in order to ensure work-life balance
- Form teams nurturing our values, possessing team spirit, acting with shared wisdom, thinking big, are socially responsible and result-oriented
- Adopt a fair and transparent management policy based on performance, focused on equal opportunities, diversity and internal promotion

# Garanti BBVA's Position in the Business Areas



\* As of September 2021



# Garanti BBVA Integrated Financial Services Group

894 4 min 2 asset

## Increased Contribution of Subsidiaries to Net Profit:

8.7% in 2016 - 17.7% in 2021

5-fold increase  
in Net Profit in 5 years

### Garanti BBVA Romania



Garanti BBVA Romania (GBR) and its two subsidiaries, Motoractive (Leasing) and Ralfi (Consumer Finance), continue to offer service in all business lines to approximately 450 thousand customers (consolidated) in Romania with 1.041 active employees (consolidated) and 108 branches (consolidated).<sup>1</sup>

In terms of asset size, GBR is the 12<sup>th</sup> biggest bank in Romania. Having 2.4% market share in total loans, the bank enjoys a pioneering position driven by the brand equity of Bonus as the 6th largest bank as it controls 5.2% market share in the number of POS devices credit cards.<sup>2</sup>

Capital Adequacy Ratio: **23.55%**

Asset Contribution: **4.5%**

Note: Unless otherwise specified, based on year-end financial data.

1 Indicates the number of active personnel, excluding the personnel on unpaid leave as of the end of the year due to maternity leave etc.

2 The National Bank of Romania data on 3Q20 have been used.

### Garanti BBVA International



Garanti BBVA International is a mid-sized European bank with a 4,129,876,000 Euro Asset size established in Amsterdam, the Netherlands in 1990. Offering financial solutions in the areas of trade and commodity finance, corporate banking and global markets to its commercial and corporate customers, GBI furnishes retail banking services in the Netherlands and Germany. Due to its strong financial structure and healthy business model, the credit rating given by Moody's has been upgraded to investment grade with Baa3.

Capital Adequacy Ratio: **21.83%**

Asset Contribution: **7.2%**

### Garanti BBVA Leasing



Established in 1990 to engage in leasing activities in Türkiye and abroad, Garanti BBVA Leasing serves its clients in Türkiye through its 13 branches, Garanti BBVA branch network, call center, its website, mobile site and social network channels. In addition to its contribution to the Bank's BRSA consolidated financials, the Company continues to create value through its 100% owned subsidiary Garanti BBVA Fleet, which ended the year 2021 generating TL 514.5 million in profits.

Total Assets (unconsolidated): **TL 9.705 million**

Total Assets (consolidated): **TL 13.134 million**

Capitalization New Business Volume: **TL 3.845 million**

Asset Contribution (unconsolidated): **1.1%**

### Garanti BBVA Pension and Life



Established in 1992 as a life insurance company, the company expanded its scope with private pension operations in 2002. Garanti BBVA Emeklilik achieved a significant success with a 21.3% share in the number of child participants, which reached 171,000<sup>4</sup> in the sector, with the regulations allowing the inclusion of those under the age of 18 in the Private Pension System (BES) in 2021.

The most preferred private pension company in terms of the number of voluntary PPS participants<sup>4</sup>

Voluntary PPS fund size: **TL 31.520 million**

Number of voluntary PPS participants: **1.1 million**

The most preferred private pension company in terms of the number of automatic PPS participants<sup>4</sup>

Automatic PPS fund size: **TL 1.556 million**

Number of automatic PPS participants: **1.1 million**

The second most profitable private pension company in terms of pension technical profitability<sup>5</sup>

Asset Contribution: **0.4%**

### Garanti BBVA Factoring



Established in 1990, the company offers service through 11 branches in 8 cities across Türkiye. It develops innovative products and services aligned with customer needs on the back of its constantly invested-in technology, customer-oriented approach to service, and expert team, carrying out its domestic and international factoring transactions through a wide network with the synergy of the BBVA Group, Garanti BBVA Factoring uses its constantly invested-in technological infrastructure and its artificial intelligence, machine learning and big data expert team in order to enable its customers to make sound financial decisions, accelerating the solution processes Garanti BBVA Factoring is included in the Borsa Istanbul Corporate Governance Index with a Corporate Governance Rating of 9.47/10.

"World's Best Export Factoring Company", FCI

Total Assets: **TL 4.4 billion**

Business Volume: **TL 17.3 billion**

Profit: **131.9 (157% annual increase)**

Total Number of Factoring Transactions: **44,002**

Asset Contribution: **0.5%**

4 Voluntary BES and Automatic BES, according to Pension Monitoring Center 31.12.2021 data.

5 According to the data of the Turkish Insurance Association 30.09.2021.

### Garanti BBVA Securities



Established in 1991, Garanti BBVA Securities is among Türkiye's leading brokerage houses in brokerage and investment banking services in domestic and overseas capital markets, as well as in advisory services for investments, company mergers and acquisitions, public offerings, corporate bond issues and privatization. Garanti BBVA Securities furnishes brokerage and investment banking service in domestic and overseas capital markets to investors with its extensive distribution network, superior technology, powerful brand image, experienced teams, innovative character and solid shareholding structure.

Equity Market share: **5.5% (#4)**

Derivatives Market share: **4.9% (#6)**

Number of Companies Intermediated for Public Offerings & Total IPO Size: **7 & IPO brokerage & TL 4.9 billion (#1)**

First Green IPO in Türkiye

Garanti BBVA Climate Index

Net Profit: **TL 506.5 million**

Asset Contribution: **0.3%**

Model portfolio outperformed the index by **19%**

### Garanti BBVA Asset Management



Established in 1997 as Türkiye's first asset management company, Garanti BBVA Asset Management provides services in the management of Mutual Funds, Pension Funds, and Discretionary Portfolios with its consistent asset management performance, comprehensive research activities, robust risk management and pioneering products. Garanti BBVA Asset Management increased its total assets under management by 87% in 2021. With a total mutual fund size of TL 26.3 billion and 8.6% market share in pension funds, and with a size of TL 33.2 billion and a market share of 13.6% in pension funds, Garanti BBVA Asset Management ranks 5<sup>th</sup> in the sector in both areas.

Total assets: **TL 60.5 billion**

Total mutual funds: **TL 26.3 billion**

Total pension funds: **TL 33.2 billion**

Total private portfolio management size: **TL 1.1 billion**

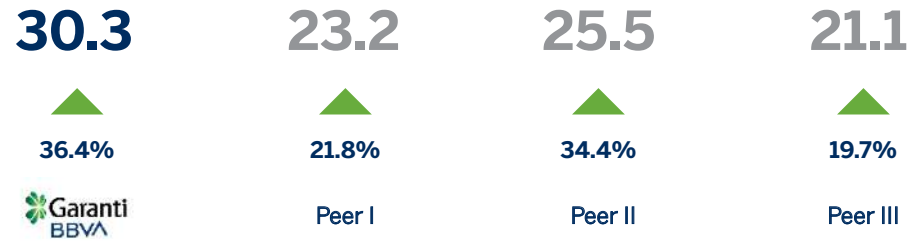
3 Sustainability-themed Mutual Fund offerings

Sustainability Equity Pension Fund is among the top 10 funds with the best returns

Asset Contribution: **0.0%**

# Garanti BBVA's Position in the Sector

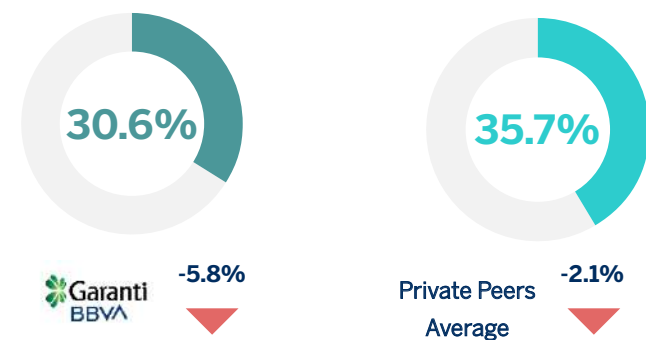
## SIGNIFICANTLY HIGHEST BANKING REVENUE (2021, TL BN & 2 YEAR GROWTH)



## HIGHEST BANKING REVENUE PER BRANCH (2021, TL MN)



## HIGHEST IMPROVEMENT IN COST / INCOME (2021, 2 YEAR ▲)



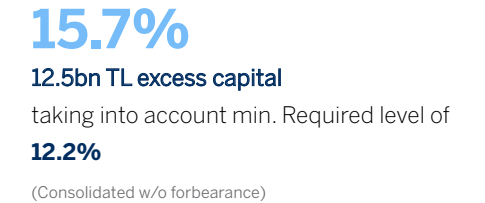
## HIGHEST ROE



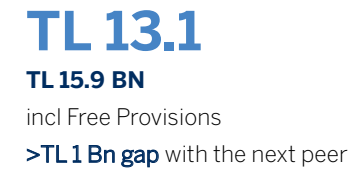
## HIGHEST ROA



## STRONG CAPITAL BUFFERS ABOVE THE LEGAL LIMITS



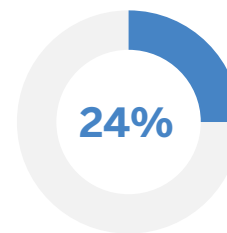
## HIGHEST NET INCOME (TL BN)



## HIGHEST FEES & COMMISSIONS INCOME (TL BN)

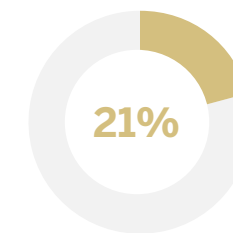


## HIGHEST NET INTEREST MARGIN

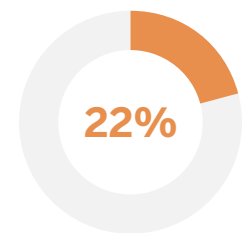


Net Income Market Share

(When adjusted with Garanti BBVA's free provision)



Fees & Commissions Income Market Share



Net Interest Income Market Share

Note: Banking Revenues = NII – Swap Cost + Net Fees & Commissions  
Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals)  
Note: Per bank-only financials for fair comparison.

LEADERSHIP IN CONSUMER LENDING MARKET SHARE GAIN ACROSS THE BOARD

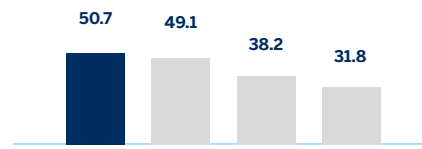
	Share in TL perf. loans	Market Share	Y-t-D bps	Rank
CONSUMER LOANS	32%	21%	-11	#1
MORTGAGE	10%	28%	+82	#1
GENERAL PURPOSE	22%	19%	+5	#2
AUTO	1%	35%	+18	#1
CREDIT CARD BALANCE	18%	22%	+15	#2
TL BUSINESS	49%	18%	+3	#2

TL LOANS MARKET SHARE

#2  
19%  
TL 266 BN

Second Largest Private Bank in TL Lending

HIGHEST DEMAND DEPOSIT (TL BN)



Garanti BBVA Peer 1 Peer 2 Peer 3

72%  
SME & Retail / TL Cust. Deposits

76%  
SME & Retail / FC Cust. Deposits

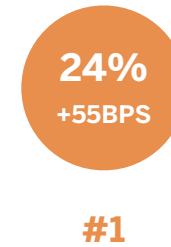
TL CUSTOMER DEPOSIT MARKET SHARE

#1  
20%  
TL 180 BN

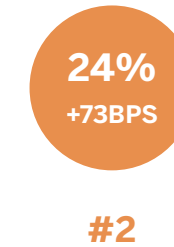
Highest TL Customer Deposit Portfolio

HIGHEST EVER MARKET SHARES IN BOTH ISSUING & ACQUIRING

Retail Issuing Volume MS% (2021)



Acquiring Volume MS% (2021)

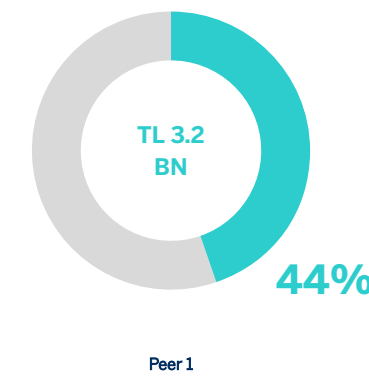
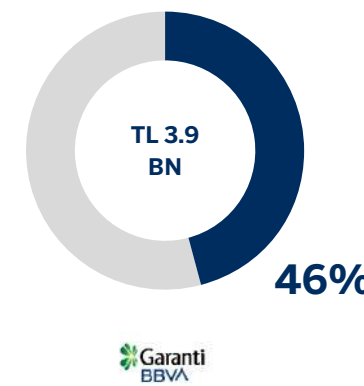


Number Of Credit Card Customers (2021)



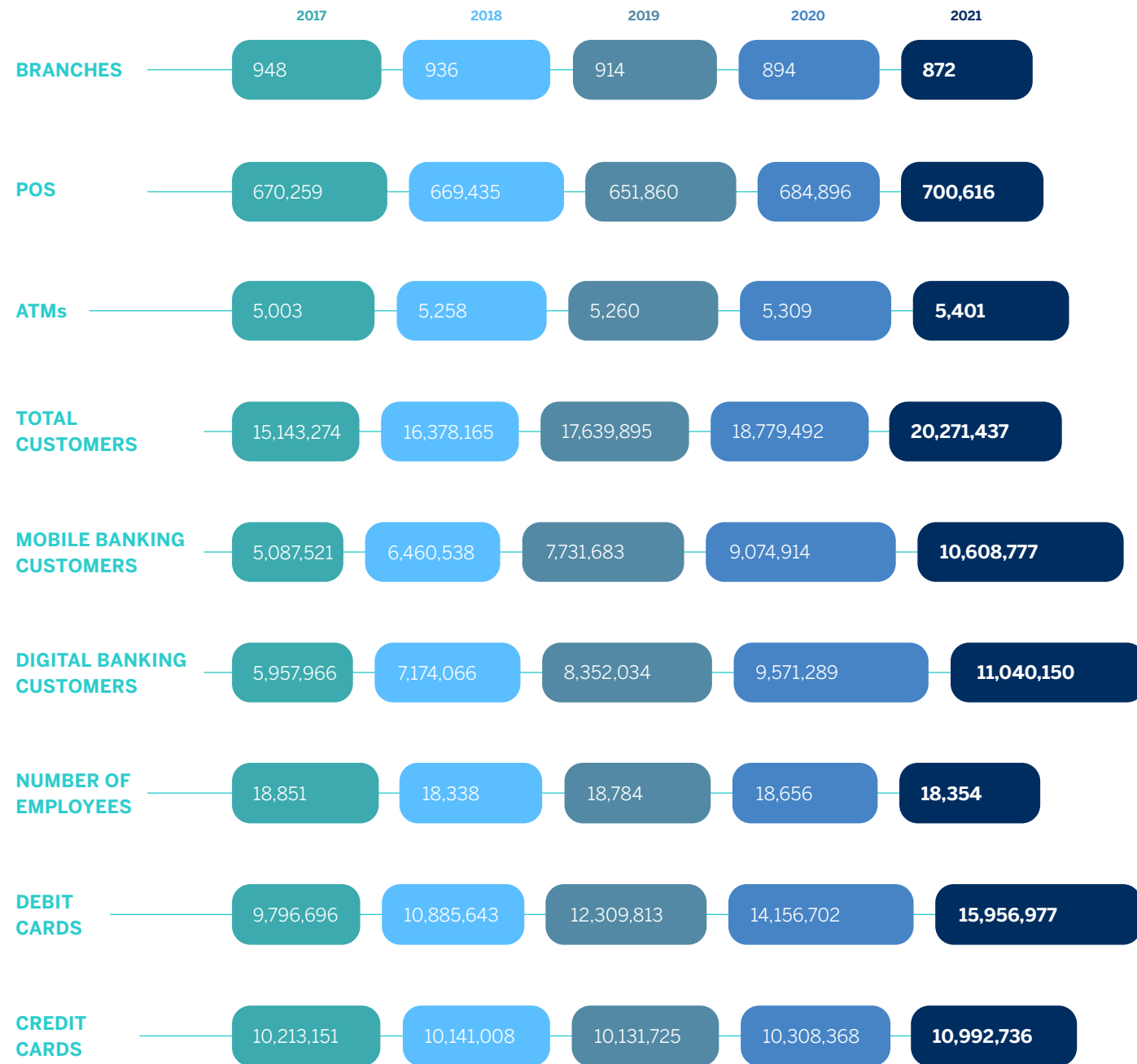
HIGHEST COMMISSION CONTRIBUTION

Net Payments System Commissions & Share in Total F&C (2021, TL bn)

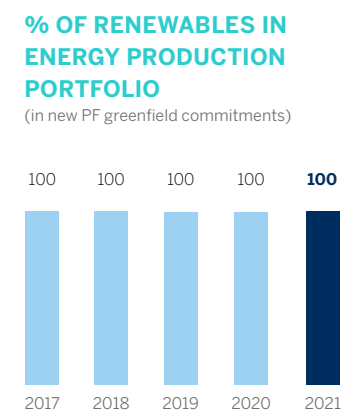
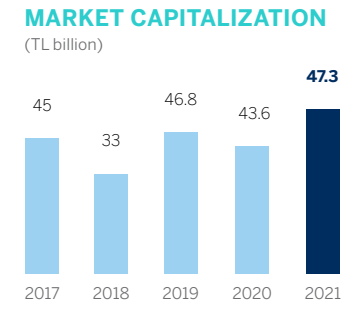
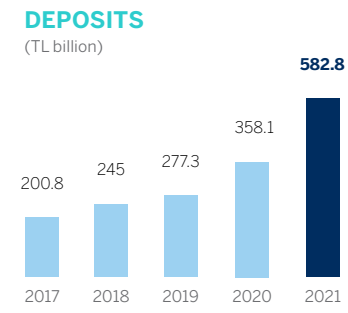
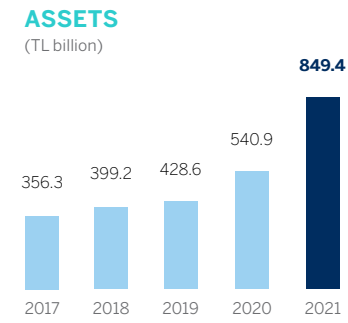


Note: Market shares among private banks based on bank-only BRSA data and Interbank Card Center data as of 2021

# Garanti BBVA in Numbers



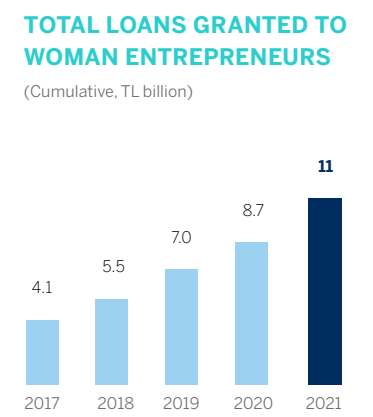
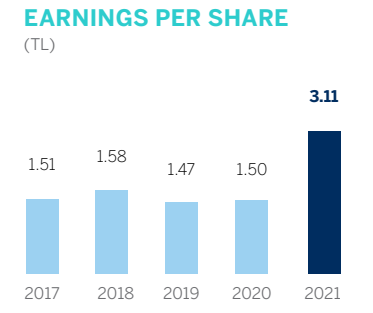
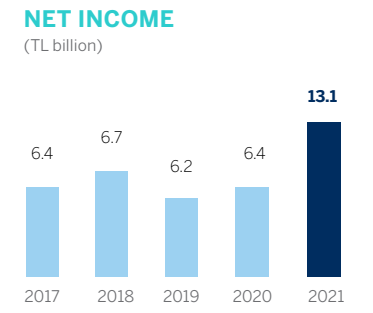
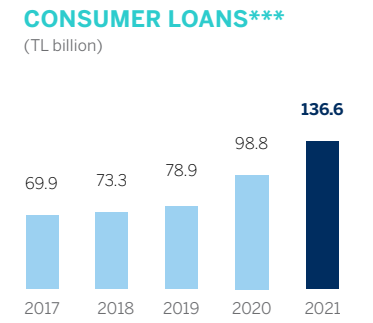
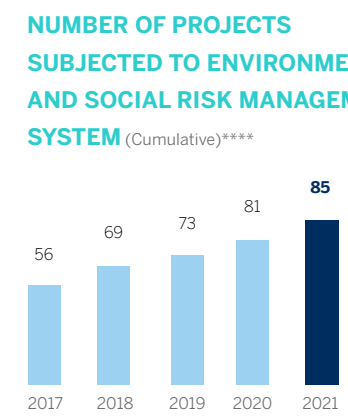
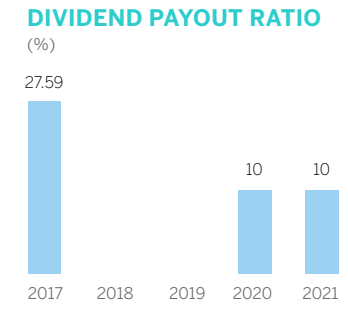
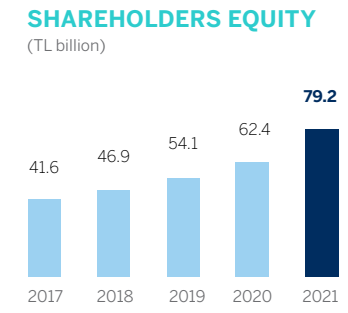
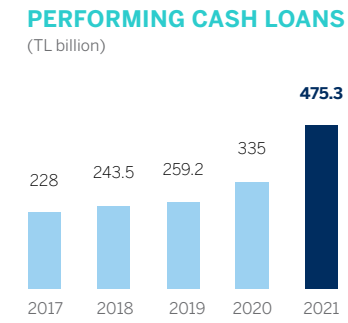
Note: The data does not include companies subject to consolidation.



\*\*\* Including consumer credit cards.

\*\*\*\* Numbers also include projects (i) that are not included in the scope of ESIAP but are assessed voluntarily, (ii) are in financial evaluation stage, and (iii) are assessed but not-funded projects.

Note: Per December 2021 BRSA Consolidated Financials.



# Summary of the Board of Directors' Annual Report

 1,200  5 min  2  growth

In 2021, we entered a new era in the pandemic in light of the vaccination efforts, and the effects of the global climate crisis on economies became more visible. Especially in the second half of the year, the recovery in global economies became visible thanks to the acceleration of vaccination and normalization steps, despite the increasing number of cases due to new variants. Improvements in both global trade and tourism indicate that global economies will close the year 2021 with a growth rate of 6%. The improvement in demand-driven growth brought inflationary pressures along with it. Food supply could not meet the demand due to the climate crisis and created food inflation which led to the announcement of historically high inflation figures in many countries. In light of this, climate crisis became the headline on the economic agenda.

Looking at Turkish economy, it is expected that the growth in 2021 will be a high level of 11%, with the contribution of both domestic and external demand. Similar to the rest of the world, we left behind a year in which inflationary pressures increased considerably in Türkiye. Domestic demand driven growth on top of the recent exchange rate volatility increased the pressure on inflation.

In this environment, Garanti BBVA, while maintaining its asset quality, continued to provide loan opportunities to its customers in every situation; and tried to alleviate the economic effects of inflation on its customers.

Garanti BBVA posted a consolidated profit of 13 billion 60 million TL in 2021. In a year of high volatility, given the prudent risk approach of Garanti BBVA, the bank set aside 2 billion 850 million TL free provisions and increased its total free provisions in the

balance sheet to 7 billion 500 million TL. Free provisions adjusted return on equity was registered as 22.6% and return on assets was 2.5%.

The main pillars of the 105% increase in profitability compared to last year are;

- **Growing contribution of net interest income:** Garanti BBVA managed to increase the TL loan to deposit spread thanks to active funding management as well as balanced and timely growth in loans throughout the year. The increasing share of demand deposits in total deposits and the yield of CPI-linkers enabled the net interest margin level, including swap costs, for 2021 to be at a better level than the operating plan. Net interest income, including swap costs, increased by TL 2.5 billion compared to the previous year and reached TL 24 billion. This level marks the highest among private banks.
- **Decreased net cost of risk:** The provisions we have set aside with our prudent approach since the implementation of IFRS-9 reduced our need for additional provisioning in this period of high economic activity. The net cost of risk (excluding currency) was 1.1%, a 1.2% improvement from its 2020 level translating to a TL3.1bn improvement in net loan provisions.
- **Improvement in FX gains:** The increase in FX buy/sell activity, especially due to the fluctuation in the exchange rate in the last quarter, supported the net commercial income.
- **Increased contribution from commissions:** Due to the higher-than-expected economic activity and the fluctuations in exchange rates, a record growth was achieved in commissions. Despite having the highest base among competitors, Garanti BBVA grew 40% in net fees and commission income in 2021 compared to the same period of the previous year.

Garanti BBVA, in period of high liquidity needs of the real sector, grew by 27% in TL loans. Growth was across the board, from both individual and corporate side. As of the third quarter, Garanti BBVA has the highest TL loan volume among private banks. The contraction in foreign currency loans continued due to the decrease in loan demand with the volatility in the exchange rate. FX Loans closed the year with a 7% contraction.

Garanti BBVA's customer-focused deposit base continued to have the largest share in its diversified and dynamic funding structure. The growth in the customer deposit base was 26%, in line with the loan growth. As a result, the Bank's loan to deposit ratio dropped to 82% on a consolidated basis, a significant improvement compared to the previous year. Garanti BBVA has the highest TL time deposit and demand deposit volume among private banks demonstrating that the Bank is the main preference of customers.

In terms of liquidity, the Garanti BBVA maintained its healthy stance throughout 2021. Thanks to the Bank's FX loan portfolio, which has been shrinking since 2013, its need for external borrowing has also decreased significantly. Garanti BBVA's external debt stock decreased from USD 8.0 billion in 2020 to USD 6.9 billion in 2021, while the FX liquidity buffer increased to USD 13.1 billion.

Operational expenses, on the other hand, grew 28% in the year, a higher level than the average inflation growth in the operating plan. The additional 650 million provisions set aside in due to the inflation adjustment to be paid in 2022 increased the 2021 base, with an impact of approximately 5 percentage points on operational expense growth. In addition, due to foreign currency linked expenses, the volatility in the exchange rates pushed the growth up by 6 points. However, since these effects are hedged, they do not negatively affect bottom line profitability. If the exchange rate effect is excluded, operational expense growth would be slightly above inflation.

According to the Climate Change Perception Study in Türkiye, two out of three people feel vulnerable against the climate crisis. In order to overcome this vulnerability and find solutions,

Garanti BBVA, tries to do the best both within its own operations as well as the business lines it finances. In September 2021, the Bank became the first and only company from Türkiye to make a commitment to the United Nations Net Zero Banking Alliance, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement. Garanti BBVA's commitments include aligning its portfolio with net zero emissions by 2050. In addition, the Bank became carbon neutral in 2020 and achieved its 2035 target 15 years earlier. To date, the total amount of financing provided to areas supporting sustainable development has exceeded 60 billion TL. In addition to being the market share leader in wind energy projects, the Bank has been financing 100% renewable energy projects in its project finance portfolio since 2014. In addition, Garanti BBVA provides solar panel energy with in the technically suitable branches. The Bank has guided and will continue to guide the market to a more sustainable and environmentally responsible future for future generations.

BBVA, our majority shareholder, made a voluntary takeover bid this year for the remaining 50.15% share it does not own. In this context, BBVA and Garanti BBVA will continue to undertake projects that add value to society and the economy, with a partnership that is increasing and getting stronger day by day.

Garanti BBVA's solid balance sheet structure, strong provisioning buffers, and capital adequacy ratio of 14.0%, well above the required levels (excluding forbearance), shelter the Bank amid the recent volatile market conditions. Its strong revenue generation capacity, solid liquidity and capital ratios have made Garanti BBVA a pioneer in the sector and will continue to do so.

# 2021 Key Performance Indicators

## FINANCIAL HEALTH

### LEADING NET PROMOTER SCORE

Among peer group

**HIGHEST IN SME**  
**2ND HIGHEST IN RETAIL**

**5,381**

DISABLED FRIENDLY ATMS

99.6% of all ATMs

**947,276**

CUSTOMERS THAT STARTED  
USING SAVING PRODUCTS

**37%**

THE RATE OF INTERACTION  
WITH THE MOBILE BANKING  
"MY STATUS" AREA, WHICH FOCUSES  
ON FINANCIAL HEALTH

## SUSTAINABILITY

### TL 60 BILLION

(to date)

CONTRIBUTION TO SUSTAINABLE  
DEVELOPMENT

THE FIRST BANK TO ANNOUNCE  
ITS COMMITMENT TO

### EXIT COAL

**TL 43.6 MILLION**  
INVESTMENT IN COMMUNITY  
PROGRAMS

**100%**

COMMITMENT TO COMPLY WITH  
ESG PRINCIPLES IN CUSTOMER'S  
LOAN AGREEMENTS

## REACHING MORE CUSTOMERS

CHOICE OF  
**MORE THAN 20 MILLION**  
CUSTOMERS AND THE LARGEST  
DIGITAL AND MOBILE CUSTOMER BASE

**780 MILLION**  
YEARLY TRANSACTIONS PERFORMED  
THROUGH INTERNET AND MOBILE  
BANKING CHANNELS

**MORE THAN 66 MILLION**  
INTERACTIONS  
WITH TÜRKİYE'S FIRST  
AI ASSISTANT UGI

### PIONEER IN PAYMENT SYSTEMS

2x increase in contactless  
POS transactions

## OPERATIONAL EXCELLENCE

**2.0%**

RETURN ON AVERAGE ASSETS

**19.0%**

RETURN ON AVERAGE EQUITY

**3.6%**

NON-PERFORMING LOANS RATIO

**14.0%**

CAPITAL ADEQUACY RATIO

**34%**

COST / INCOME

**57.5%**

DIGITAL SALES (SHARE IN TOTAL  
SALES BASED ON PRODUCT RELATIVE  
VALUE) (RETAIL)

**97.7%**

DIGITAL TRANSACTIONS IN NON-CASH  
FINANCIAL TRANSACTIONS (RETAIL)

### CUSTOMER COMMUNICATION CENTER

leader in sector calls with a share of 12.7%  
with 60.6 million customer contacts

## DATA AND TECHNOLOGY

**17**

PROGRAMS TO RAISE AWARENESS  
ON CUSTOMER PRIVACY AND  
INFORMATION SECURITY

**108**

EDUCATIONAL OR INFORMATION  
ACTIVITIES GIVEN WITHIN THE SCOPE  
OF FOREIGN FRAUD

**62**

VALUE-ADDED PROJECTS USING BIG  
DATA AND MACHINE LEARNING

**42**

NUMBER OF ROBOTIC PROCESS  
AUTOMATION IN PRODUCTION  
MEDIUM

**484 THOUSAND**

NUMBER OF QUESTIONS  
ANSWERED WITH BİLGE AND  
KOBİLGE EMPLOYEE BOTS

## THE BEST AND MOST ENGAGED TEAM

**4.22/5**

EMPLOYEE ENGAGEMENT  
SCORE

**11**

PROGRAMS RELATED TO  
EMPLOYEE WELL-BEING

**40%**

WOMEN RATIO IN SENIOR/MIDDLE  
LEVEL MANAGEMENT

**37.4**

HOURS TRAINING  
PER FTE

Note: Explanations about the data are given in the relevant sections.

# Garanti BBVA Share

 1,181  5 min  3  market

## GARAN TICKER AND CODES

### İSTANBUL - BORSA İSTANBUL

SYMBOL: GARAN

SEDOL: B03MYP5

ISIN: TRAGARAN91N1

CUSIP: M4752S106



### DEPOSITARY RECEIPTS LEVEL - 1

#### NEW YORK - OTCQX

#### INTERNATIONAL PREMIER

SYMBOL: TKGBY

ISIN: US9001486029

CUSIP: 900148602



### DEPOSITARY RECEIPTS - 144A

#### NEW YORK OTC

SYMBOL: TKGZY

ISIN: US9001486029

CUSIP: 900148602



Trading on this market with 53 leading companies of the world, Garanti BBVA has established itself among the top Depository Receipts traded on the OTCQX marketplace and ranked 39<sup>th</sup> per Market Capitalization, 36<sup>th</sup> per Dollar Volume and 8<sup>th</sup> per Volume in 2021.

Garanti BBVA has a market capitalization of **TL 47.3 billion** (USD 3.5 billion) as of 31 December 2021, and with a free float ratio of 50.07% and **TL 23.7 billion floating market capitalization**, Garanti BBVA also has the **highest free float** in BIST 100.

Garanti BBVA share (GARAN) is **the most traded banking stock** in Borsa İstanbul with an **average daily turnover of TL 1,982 million (USD 219 million)**, and has 9% market share in BIST 100 turnover and 42% share in XBANK turnover. GARAN was the most traded stock by foreign investors with a **total foreign transactions turnover of USD 34 billion** in 2021. The leading shareholder of the Bank, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) disclosed on November 15, 2021 that The Board of Directors of BBVA decided to launch a **voluntary takeover bid** for the entire share capital of Türkiye Garanti Bankası A.Ş. not already owned by BBVA (50.15%). The consideration offered by BBVA to each of the shareholders of the Company is 12.20 Turkish Lira in cash for each share of the Company. Further to this disclosure, on November 18, 2021, BBVA has submitted to the Capital Markets Board of Türkiye the application for authorization of the voluntary tender offer for the shares. This decision by BBVA, one of the world's most important banking groups and one of Europe's most established banking groups, **demonstrates their confidence in Türkiye's strong economic fundamentals and long-term potential**. As the Voluntary Takeover Bid can only be launched following receipt of the approval of all relevant regulatory bodies, BBVA estimates that closing of the Voluntary Takeover Bid will take place in the first quarter of the year 2022.

60%\* of Garanti BBVA's shares in the free float is owned by foreign investors that are spread to 33 countries\*\*. The composition of the institutional shareholding structure of Garanti BBVA by geographical regions is 34.2% North America, 30.8%

**TL 47.3 BILLION**  
Market  
Capitalization

The Most Traded  
Stock by Foreign  
Investors

**TL 1,982 MILLION**  
Average Daily  
Turnover

**9%**  
Turnover Market  
Share  
The Most  
Traded Banking  
Stock of BIST100

**TL 23.7 BILLION**  
Highest  
Floating Market  
Capitalization in  
BIST 100

Highest Weight in  
**BIST 30 &  
BIST 100**

**\$ 34 BILLION**  
Total Foreign  
Transactions in  
2021

**TL 3.11**  
Earnings Per Share

the UK and Ireland, 12.8% Europe, 5.7% Asia, 12.8% Türkiye and 3.8% the rest of the world. In 2021, the increase in the US Treasury Bond yields, exchange rate volatility in the domestic market and inflationary pressures led to a fund outflow from the domestic market in the first half of the year. Accordingly, there was a decrease particularly in the share of North America-based shareholders as compared to 2020, whereas the shares of **the UK and Ireland based shareholders went up by 10%\*\***.

Communicating the value created in a proactive, transparent and consistent way, during 2021, Garanti BBVA Investor Relations held **385 meetings** by participating in **23 investor conferences and roadshows**, all of which were held in virtual environment. In the meantime, each quarterly Financial Results disclosure teleconference and annual Operational Plan disclosure presentations attract **an average of 100 analysts and investors**. In this way, investors and analysts have the opportunity to ask questions directly to the General Manager and Deputy General Manager. In addition, every quarter, expectation management is ensured by holding one-on-one and regular teleconferences with approximately 25 equity analysts who follow Garanti BBVA shares. Investor Relations published the recordings of these

presentations on its website. The full audio recordings of all of these events were posted on Garanti BBVA Investor Relations website, mobile and tablet applications. Furthermore, in 2021, **"About Turkish Economy"** and **"Garanti BBVA Climate Index"** sections were added to the Garanti BBVA Investor Relations website. In addition, the **ESG data set**, where socially responsible investors can quickly access Garanti BBVA's Environmental, Social and Governance Data from a single place, is presented on the website and updated regularly.

Contents prepared both in Turkish and English for the convenience of the investment community enable investors from all around the world to have easy access to all the information they need.

Commitment to its irreplaceable values of the principles of trust, integrity, accountability and transparency serves as the guarantee of the Bank's strong reputation and is Garanti BBVA's main responsibility to all its stakeholders. The steps Garanti BBVA takes to create value for the economy, the society and all its stakeholders are recognized by national and international authorities. Having qualified for BIST Sustainability Index and BIST Corporate Governance Index in 2014, Garanti BBVA still

\* Central Registry Agency (CRA) foreign clearing custody data have been used.

\*\* Based on IPREO Shareholder ID Analysis dated June 2021.

\*\* Based on IPREO Shareholder ID Analysis dated June 2021.

continues to be listed in these indices. Garanti BBVA holds the highest score with 74 points among banks reporting from Türkiye in the Emerging Markets category of the Dow Jones Sustainability Index, one of the most respected platforms that evaluates the sustainability performances of corporate companies worldwide.

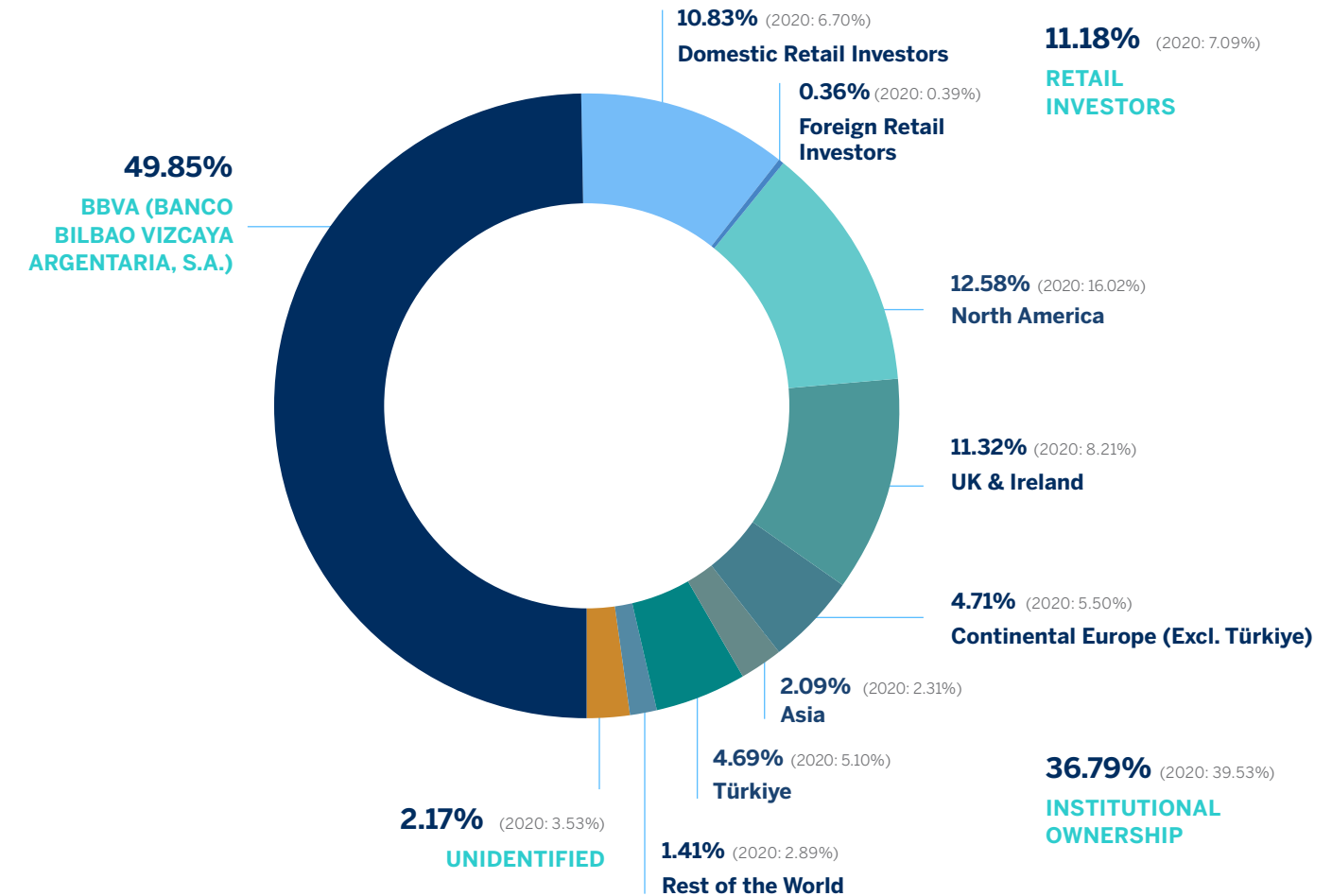
In line with its innovative and pioneering activities, Garanti BBVA achieved a B score in 2021, the highest score in the finance sector in our country this year, in the Climate Change Program of CDP, the world's most respected environmental reporting initiative.

In addition to these, Garanti BBVA continued to qualify and remain a constituent of the FTSE4Good Emerging Markets Index, which is the independent organization jointly owned by the London Stock Exchange and the Financial Times and designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Moreover, through its various practices and initiatives for ensuring gender equality in human resources, among customers and the community, **Garanti BBVA continues to be included in the Bloomberg Gender Equality Index that covers 380 companies from 11 industries from 44 countries and regions across the world.**

#### EQUITY ANALYSTS' RATINGS

Garanti BBVA shares are widely covered by research analysts of leading domestic and international investment banks and brokerage houses. In 2021, 22 institutions have regularly issued equity research reports on Garanti BBVA. As of the end of 2021, 19 ANALYSTS had "BUY", 2 ANALYSTS had "HOLD" and 1 ANALYST had "SELL" recommendation on Garanti BBVA stock.

## Garanti BBVA Shareholding Structure



**Insider Holdings:** The chairman, members of the Board of Directors, the CEO and the Executive Vice Presidents are allowed to own publicly-traded shares of Garanti BBVA in accordance with the limitations set out in Capital Markets Board regulations and the internal regulations of the Bank; their transactions in Garanti BBVA shares are publicly disclosed pursuant to Capital Markets Board regulations.

**Note:** There is no ultimate non-corporate controlling shareholder holding more than 5% share in the shareholding structure. Institutional shareholder and foreign individual shareholder composition data based on IPREO Shareholder ID Analysis dated June 2021; the actual free float ratio and the share of local individual shareholders are all based on Central Registry Agency data.

 Detailed information on the shareholding structure of Garanti BBVA is available in the section Garanti BBVA Share.



# Why is Fiduciary Responsibility a Duty?

**Belkis Sema Yurdum**  
Independent Board Member



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

*Accountability*

**Effective governance structure with 95% committee attendance by Board members**

Fiduciaries

*Compliance*

**Corporate Governance Rating Score 9.79/10**

Fiduciaries

*Reputation*

**Transparency principle based disclosure**

Fiduciaries

*Equal Opportunity*

**Target of at least 25% women members on the Board by 2025**

Fiduciaries

# Our Governance

523 2 min 1 board

Garanti BBVA's **effective Board of Directors is at the heart of the Bank's well-functioning governance structure and goes beyond fiduciary responsibilities.** It acts as the ultimate internal monitor and contributes an outside view to corporate strategy, oversees performance against the strategy set out and helps Garanti BBVA thrive in the long run. **To ensure effective risk management, the Board monitors compliance, internal control and risk management policies and systems that are aligned with the Bank's strategy and risk appetite, as well as subsequently performing its oversight function.**

For the oversight function, there are several committees established within the Bank, and the **Board of Directors monitors and audits the entire Bank through these committees.**

In line with its responsible and sustainable banking approach, the importance it attaches to the **Corporate Governance and Sustainability Principles** and ethical values, Garanti BBVA creates **policies, principles and statements** to regulate behavior and business relations. In this way, **a strong structure is established between the Board of Directors, Senior Management and Committees and the Bank, this structure strengthens the corporate culture** and plays an important role in implementing **the best governance practices.**

## KEY CHARACTERISTICS OF THE BOARD OF DIRECTORS

Garanti BBVA has a **one-tier Board of Directors that is formed by 11 members with the composition of 2 female and 9 male board members** as of 31 December 2021. In accordance with the principle of **separation of powers and authority**, the **Chairman and the CEO have different roles** at Garanti BBVA. This clear distinction establishes a balance between authorities and powers within the scope of the Bank's corporate structure, drawing the lines of decision-making capacity of each position. **The CEO is the only executive member of the Board of Directors.**

Three non-executive members of the Board have board memberships in Garanti BBVA subsidiaries, four non-executive members have board memberships in other companies and three non-executive members have board of trustees memberships in foundations.

## BOARD MEETINGS

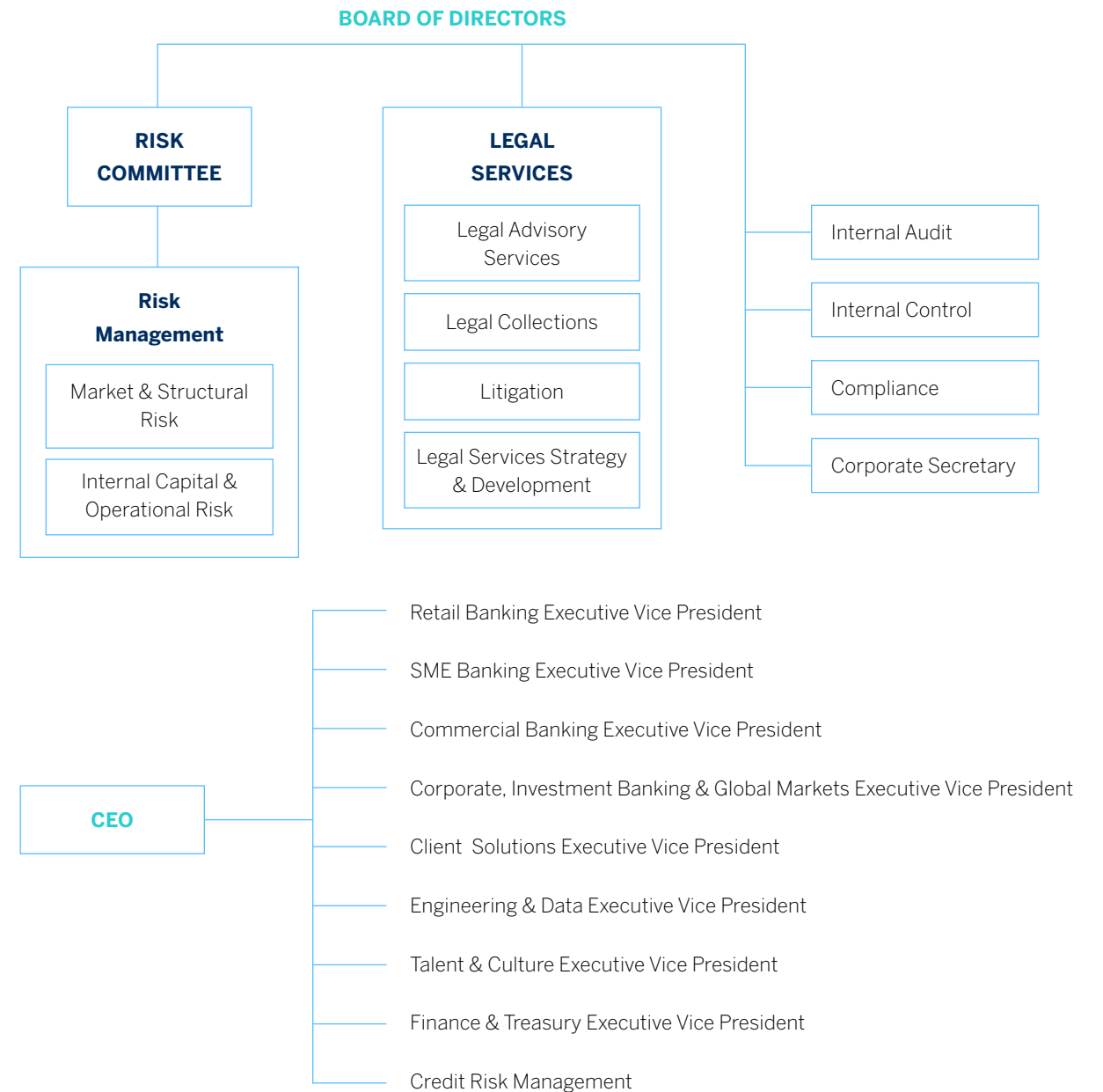
The Board of Directors of the Bank, as the **highest body of representation, direction, management and oversight** of the Bank, operates in order to fulfill the roles and responsibilities appointed to it by the Articles of Association and related legislation. The Board of Directors operates on the principle that it must **convene as and when necessitated by the Bank's affairs and transactions, but at least once a month.** Pursuant to the Articles of Association of the Bank, the Board of Directors **meets with the attendance of seven members minimum** and **resolutions** of the Board of Directors are **taken by affirmative votes of at least seven members present in the meeting.** In 2021, the Board of Directors **resolved 16 decisions by satisfying the required quorums for meeting and decision.**

## CORPORATE GOVERNANCE

Garanti BBVA received its first **Corporate Governance Rating** in 2014. Based on the rating service continued to be received from JCR Eurasia Rating, the Bank's Corporate Governance Principles compliance rating was upgraded from **9.14 in 2014 to 9.79 in 2021**, and the rating was assigned a **Positive Outlook.** Garanti BBVA continues to be included in the **Borsa İstanbul Corporate Governance Index** as its Corporate Governance Rating score is above the threshold score of 7.

[More detailed information about the Board of Directors, Senior Management, Committees and Policies, Corporate Governance and Sustainability Principles Compliance Reports and Corporate Governance Rating Report can be found at \[www.garantibbvaannualreport.com\]\(http://www.garantibbvaannualreport.com\) under the Download Center heading.](#)

# Organizational Structure



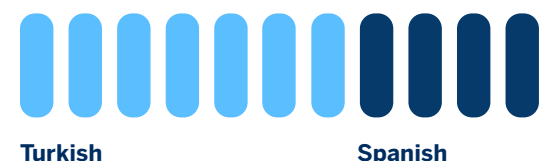
Note: In addition to the Executive Vice Presidents; Strategic Planning, Information Systems Security, Economic Research, Retail Collections, Wholesale Recovery, BBVA Coordination and General Secretariat functions report directly to the CEO.

# Board of Directors

## AVERAGE TENURE

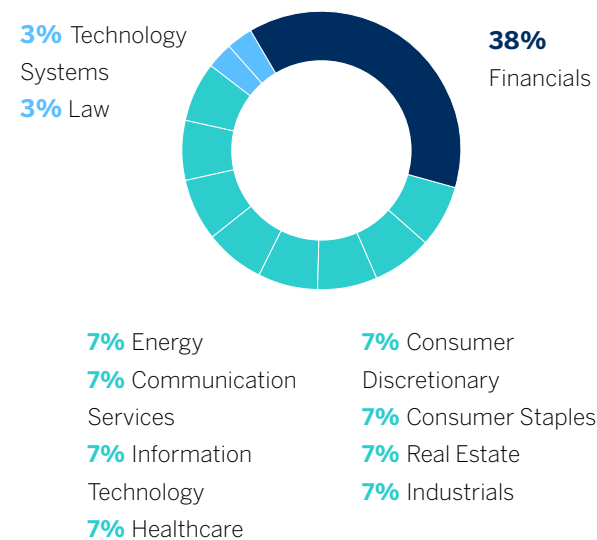


## NATIONALITY



## EXPERIENCE COMPOSITION

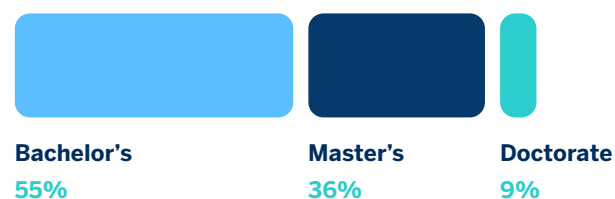
Chart is prepared in accordance with the Global Industry Classification Standard (GICS). The Global Industry Classification Standard (GICS) is an industry taxonomy developed by MSCI and Standard & Poor's (S&P) for use by the global financial community.



## AVERAGE EXPERIENCE



## EDUCATION



## COMMITTEE MEMBERSHIP

- |                                |                                                        |
|--------------------------------|--------------------------------------------------------|
| 1 Credit                       | 12 Risk Management                                     |
| 2 Audit                        | 13 Data Security and Protection                        |
| 3 Corporate Governance         | 14 Cost Management and Efficiency                      |
| 4 Risk                         | 15 Corporate Crisis and Business Continuity Management |
| 5 Remuneration                 | 16 Responsible Banking                                 |
| 6 Information Security         | 17 Operational Risk Admission and Product Governance   |
| 7 IT Strategy                  | 18 Integrity                                           |
| 8 Information Systems Steering | 19 Information Systems Continuity                      |
| 9 Corporate Assurance          | 20 Data Sharing                                        |
| 10 Portfolio Strategy          |                                                        |
| 11 Local ALCO                  |                                                        |

You can access the resumes of Garanti BBVA Board members in the Board of Directors section of the Annual Report website.



**SÜLEYMAN SÖZEN**  
CHAIRMAN

Experience: 41 years  
4



**RECEP BAŞTUĞ**  
BOARD MEMBER, CEO

Experience: 32 years  
1-6-7-9-10-11-14-15-16-18-20



**ERGUN ÖZEN**  
BOARD MEMBER

Experience: 35 years  
5



**JORGE SÁENZ-AZCÚNAGA CARRANZA**  
DEPUTY CHAIRMAN,  
INDEPENDENT BOARD MEMBER

Experience: 27 years  
1-2-3-5



**DR. M. CÜNEYT SEZGİN**  
BOARD MEMBER

Experience: 34 years



**PABLO ALFONSO PASTOR MUÑOZ**  
BOARD MEMBER

Experience: 32 years  
1-3-4



**RAFAEL SALINAS MARTINEZ DE LECEA**  
BOARD MEMBER

Experience: 31 years  
1



**JAIME SAENZ DE TEJADA PULIDO**  
BOARD MEMBER

Experience: 30 years  
1-4



**MEVHİBE CANAN ÖZSOY**  
INDEPENDENT BOARD MEMBER

Experience: 33 years



**BELKIS SEMA YURDUM**  
INDEPENDENT BOARD MEMBER

Experience: 42 years  
2-3



**AVNİ AYDIN DÜREN**  
INDEPENDENT BOARD MEMBER

Experience: 30 years  
2-6-8-9-10-13-14-15-16-17-18-19-20

# Senior Management

What is the  
Impact of  
Being a  
Solution  
Partner?

How does  
Collabo-  
ration  
Shape the  
Outcome?

What is  
the Meaning  
of Finance  
Being  
Sustain-  
able?

How does  
a Bank  
Create  
Value?

How is  
Digitalization  
Transferred  
on  
Experience?

What is  
the Power  
of Action?



**SİBEL KAYA**

Executive Vice President  
SME Banking

**İLKER KURUÖZ**

Executive Vice President  
Engineering & Data

**CEMAL ONARAN**

Executive Vice President  
Commercial Banking

**EBRU DİLDAR EDİN**

Executive Vice President  
Corporate, Investment Banking  
& Global Markets

**MAHMUT AKTEN**

Executive Vice President  
Retail Banking

**AYDIN GÜLER**

Executive Vice President  
Finance & Treasury

**RECEP BAŞTUĞ**

CEO

**IŞIL AKDEMİR  
EVLİOĞLU**

Executive Vice President  
Client Solutions

**DİDEM DİNÇER  
BAŞER**

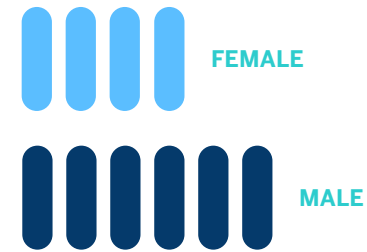
Executive Vice President  
Talent & Culture

**MURAT ATAY**

Chief Credit Risk  
Officer

# Senior Management

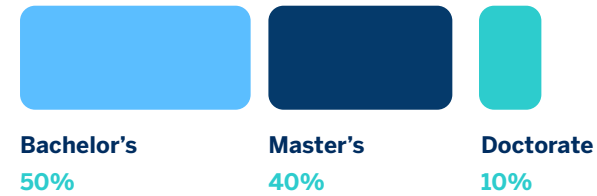
## GENDER



## AVERAGE EXPERIENCE



## EDUCATION



You can access the resumes of Garanti BBVA General Manager and Assistant General Managers in the Senior Management section of the Annual Report website.

## COMMITTEE MEMBERSHIP

- 1 Credit
- 2 Audit
- 3 Corporate Governance
- 4 Risk
- 5 Remuneration
- 6 Information Security
- 7 IT Strategy
- 8 Information Systems Steering
- 9 Corporate Assurance
- 10 Portfolio Strategy
- 11 Local ALCO
- 12 Risk Management
- 13 Data Security and Protection
- 14 Cost Management and Efficiency
- 15 Corporate Crisis and Business Continuity Management
- 16 Responsible Banking
- 17 Operational Risk Admission and Product Governance
- 18 Integrity
- 19 Information Systems Continuity
- 20 Data Sharing



**RECEP BAŞTUĞ**  
BOARD MEMBER, CEO

Experience: 32 years

1-6-7-9-10-11-14-15-16-18-20



**MAHMUT AKTEN**  
EXECUTIVE VICE PRESIDENT  
RETAIL BANKING

Experience: 23 years

6-7-8-9-10-11-14-15-16



**DİDEM DİNÇER BAŞER**  
EXECUTIVE VICE PRESIDENT  
TALENT & CULTURE

Experience: 27 years

6-7-8-9-10-13-14-15-16-17-18-19



**EBRU DİLDAR EDİN**  
EXECUTIVE VICE PRESIDENT  
CORPORATE, INVESTMENT BANKING  
& GLOBAL MARKETS

Experience: 28 years

6-7-8-9-10-11-14-15-16-18



**İŞİL AKDEMİR EVLİOĞLU**  
EXECUTIVE VICE PRESIDENT  
CLIENT SOLUTIONS

Experience: 18 years

6-7-8-9-10-14-15-16-18-19



**SİBEL KAYA**  
EXECUTIVE VICE PRESIDENT  
SME BANKING

Experience: 24 years

6-7-8-9-10-11-14-15-16-17



**AYDIN GÜLER**  
EXECUTIVE VICE PRESIDENT  
FINANCE & TREASURY

Experience: 31 years

6-7-8-10-11-14-15-16-17-18



**İLKER KURUÖZ**  
EXECUTIVE VICE PRESIDENT  
ENGINEERING & DATA

Experience: 30 years

6-7-8-9-10-13-14-15-17-18-19-20



**CEMAL ONARAN**  
EXECUTIVE VICE PRESIDENT  
COMMERCIAL BANKING

Experience: 31 years

6-7-8-9-10-11-14-15-16



**MURAT ATAY**  
CHIEF CREDIT RISK  
OFFICER

Experience: 28 years

6-7-8-9-10-11-12-14-15-16-17

# Committees and Policies

336 1 min 2 committees

There are a number of committees set up at the Bank to fulfill the supervisory function. **The Board of Directors oversees and audits the entire Bank via these committees.**

**The structure, activities and effectiveness of the committees are regularly reviewed.** The structure, activities and effectiveness of the committees are regularly reviewed. In addition, necessary actions are taken to ensure that the processes and documentation of the committee are systematically traced and recorded.

**In 2021, the Data Sharing Committee was newly established and the number of committees approved by the Board of Directors increased to 9.** These committees are: Credit, Audit, Corporate Governance, Risk, Remuneration, Information Security, Information Technology (IT) Strategy, Information Systems (IS) Steering and Data Sharing committees.

In addition to these, there are Corporate Assurance, Portfolio Strategy, Asset Liability, Risk Management, Data Security and Protection, Cost Management and Efficiency, Corporate Crisis and Business Continuity Management, Responsible Business and Sustainability, Operational Risk Admission and Product Governance, Integrity, and Information Systems Continuity committees.

While **at least one member of each committee is a senior executive, the ratio of committees with Members of the Board of Directors to the total committees is an indicator of an effective governance structure at the level of 95%.**

Commitment to its irreplaceable values of the principles of **trust, integrity, accountability and transparency** is Garanti BBVA's main responsibility to all its stakeholders, particularly its customers and employees, and serves as the guarantee of the Bank's strong reputation.

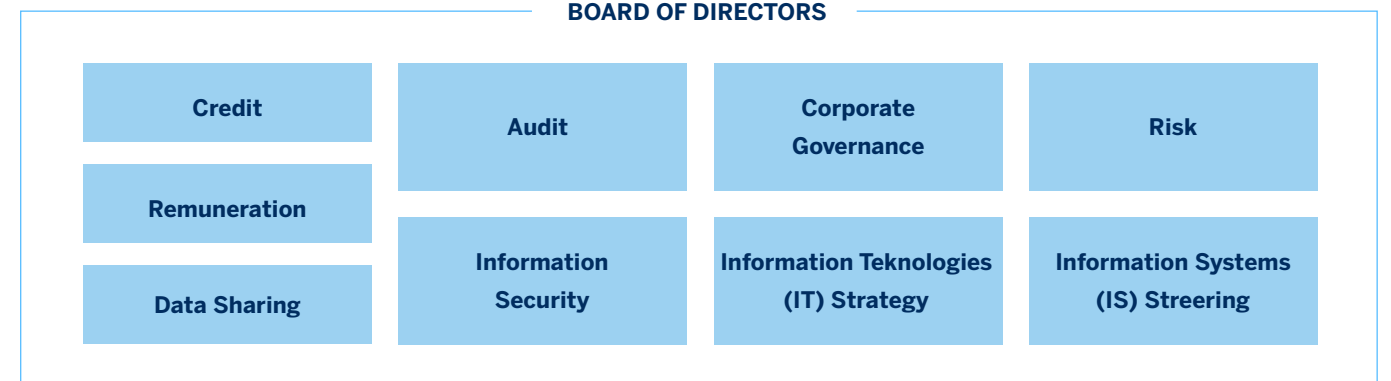
In line with its responsible and sustainable business concept, and the importance the Bank attaches to **Corporate Governance and Sustainability Principles** and ethical values, Garanti BBVA establishes a number of policies, codes and statements governing conduct and business relationships. **In 2021, the Sustainability Policy was revised, the Sustainability and Diversity Policy and the Corporate Social Responsibility Policy were added.**

**Through Committees and Policies, there is an effective structure established between the Board of Directors, senior management and committees and the Bank,** which strengthens corporate culture and plays an important role in implementing the **best governance practices.**

## POLICIES

Code of Conduct	Declaration of Human Rights
Code of Conduct for Suppliers	Human Resources Policy
Personal Data Protection and Processing Policy	Sustainability and Diversity Policy
Competition Policy Statement	Compensation Policy
Anti-Money Laundering Policy	Employee Compensation Policy
Anti-Corruption Policy Statement	Disclosure Policy
Sustainability Policy	Dividend Distribution Policy
Environmental Policy	Donation and Contribution Policy
Environmental and Social Loan Policies	Working Principles and Procedures of BoD
Climate Change Position & Action Plan	Corporate Governance Committee Working Procedures and Principles
Corporate Social Responsibility Policy	

## COMMITTEES



You can find detailed information about the policies in the Environmental, Social and Governance section at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com) by clicking on the relevant title.

# How does Collaboration Shape the Outcome?

**Sibel Kaya**  
Executive Vice President  
SME Banking



Video



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

Empowerment

**TL 11 billion financial support to women entrepreneurs**

Collaboration

Awareness

**Women Entrepreneurship Program on its 15<sup>th</sup> year**

Collaboration

Inclusion

**Garanti BBVA Partners Entrepreneurship Acceleration Program on its 7<sup>th</sup> year**

Collaboration

Solution Partnership

**#1 among peers in SME customers' Net Promoter Score**

Collaboration

# Materiality Analysis

 1,679  7 min  3  analysis

As always, Garanti BBVA's aim with this year's integrated annual report is to provide a coherent story of its activities. The basis of this story is the **materiality analysis** which enables identification of the **most relevant and important topics for Garanti BBVA and all its stakeholders**, the material topics. Material topics are mainly determined based on **dialogue with all internal and external stakeholders** and are then plotted in the materiality matrix. The topics defined within this matrix form the basis of this report as described in the 'About This Report' section. The Bank performed its **first materiality analysis in 2013**. As the Bank wants to make sure that it is always in line with the needs of its stakeholders and that the identified material issues are still the most important, it **updates** the materiality analysis **approximately once in every two years**.

In 2019, with the aim of 'bringing the age of opportunity to everyone', Garanti BBVA reviewed and revised its strategic priorities in alignment with the BBVA Group and in the light of the main trends reshaping the world and the financial services sector. **With the new strategic priorities set**, the **materiality analysis** was **revised in 2020** to ensure that the stakeholders as well as Garanti BBVA maintain an optimum focus. These revisions paved the way for a review of material topics based on data gathered from a variety of sources both globally on the basis of the Group and locally, while also providing a **broad database** that is **auditable and objective**, which put the analysis on a **more solid basis** and in **alignment with the current trends**.

Material topic headings covered in the materiality analysis which was most recently updated in 2020 remained valid also for 2021. In the materiality analysis, the Bank once again listened to internal and external stakeholders, and reviewed the connection

between the corporate strategy and global trends which impact the banking sector.

Additionally, in 2021, Garanti BBVA made some **improvements** to its materiality analysis in alignment with its principal shareholder BBVA Group, in order to fulfill **increased transparency and reporting demands**. In this context, the Bank:

- Provided details of **who** its stakeholders are, **how their needs and expectations** are considered, and **how** these considerations **impacted** the determination of the ranking of material topics;
- Conducted **double materiality analysis** that is **based on the four material topics** of the highest priority for stakeholders, which were revealed by the materiality analysis.

When conducting the materiality analysis in which it compiled the existing and potential **expectations, risks and opportunities** from the perspective of all internal and external stakeholders and the Bank's strategy, Garanti BBVA employed a **three-phase methodology**.

## 1. STAKEHOLDER ENGAGEMENT AND DETERMINATION OF MATERIAL TOPICS

Garanti BBVA identified its key stakeholders as **customers, employees, stakeholders and investors, government agencies and regulatory authorities, and the society**. The Bank included not only the public opinion, but also the **Non-Governmental Organizations (NGOs) and international organizations that closely monitor** the Bank's activities and contribution to **Sustainable Development Goals**.

The Bank used various sources for identifying the material topics for its stakeholders:

### a. Contacts with departments that are highly familiar with the stakeholder groups:

On the back of regular contacts with various departments that are highly familiar with each stakeholder group at Garanti BBVA, regular insights were provided by **Talent and Culture**

(Employees), **Customer Experience and Service Model Management (Customers)**, **Investor Relations (Investor Expectations)**, **Legal Department and Compliance Department (Regulators and regulations)** and **Responsible Business and Corporate Reputation teams (expectations of the civil society and the community)**.

### b. Reviewing various surveys on stakeholders:

**Satisfaction questionnaires** providing customer insights, **brand and reputation surveys**, **Gallup questionnaire and internal reputation surveys** analyzing employee opinions, and **surveys from analysts** integrating **investors' perspective** in the study were scrutinized.

Along with these resources, **sector reports**, **global reports**, **recommendations of international initiatives, standards and professional organizations**, and **international evaluation reports** shedding light on current trends were reviewed and taken into consideration.


Both the **mainstream investors** and **investors**, who strongly consider sustainability factors, and the **national and international NGOs that the Bank is a member of** were analyzed.

**Material topic headings** were determined paying regard also to the **outputs from the analyses on global investors and NGOs that were completed at the BBVA Group**.

### c. Trend reports analysis and risk reports:

The external trends analysis addressed the priorities of initiatives guiding the business world and the finance sector, such as the **United Nations (UN) Sustainable Development Goals**, **UN Principles for Responsible Investment (PRI)**, **World Economic Forum Global Risks Report**, **Presidency of the Republic of Türkiye Presidency of Strategy and Budget Development Plans**, **UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking**, **GRI Sustainability Reporting Standards** and **Value Reporting Foundation (VRF) Integrated Reporting Framework**. The external stakeholder analysis also included **reports published by organizations from the same sector, press and social media feedbacks** in order to see the

viewpoint of the society and the sector.

 Initiatives supported by Garanti BBVA, which were included in the analysis, can be found under the **Download Center on the Garanti BBVA 2021 Integrated Annual Report website at [www.garantibbvafaaliiyetraporu.com](http://www.garantibbvafaaliiyetraporu.com)**.

## 2. ANALYSIS OF MATERIAL TOPICS ACCORDING TO THEIR PRIORITY FOR STAKEHOLDERS

All internal and external key stakeholder groups of Garanti BBVA were reached via **questionnaires, meetings and phone calls**, and a **thorough stakeholder analysis** was performed on each topic. Governing and optional **regulations** were tackled, **analyses** were conducted on all written and printed **media platforms**, and the relevant **publications** by similar establishments were reviewed.

Prioritization for stakeholders was carried out in two phases: First, the topics were listed for **each stakeholder**. Second, all stakeholders were **ranked according to materiality of topics** by an aggregation process based on the prior analysis. In doing so, the Bank assessed its stakeholders according to **dependency, influence, proximity, representation, responsibility, policy and strategic intent criteria**, and calculated the weighted score for each stakeholder group. When **strategic projections were captured** in these **six criteria** used for stakeholder assessment, **stakeholder weights** showed some variations in 2021 as compared to 2020. In the collation method, a **prioritization score** for each topic on average was obtained using the weighted score of each stakeholder group.

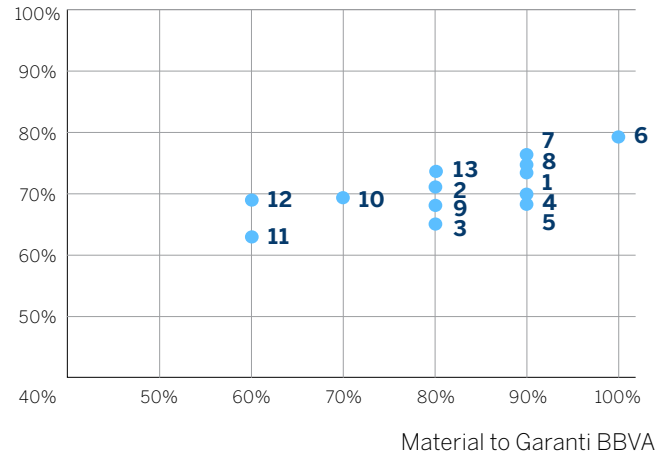
## 3. ANALYSIS OF MATERIAL TOPICS ACCORDING TO THEIR IMPACT ON THE STRATEGY

Garanti BBVA carried out an internal evaluation of **how each material topic impacted its strategic priorities**, and finalized its materiality analysis, making sure that **all topics were aligned with its integrated business strategy**. The **13 Material Topics** identified are those that impact the achievement of its strategy to a high extent.



**MATERIAL TOPICS FOR GARANTÍ BBVA AND ITS STAKEHOLDERS**

Material to Stakeholders



**NO MATERIAL TOPIC**

- 1 Solvency and Financial Performance
- 2 Corporate Governance and Strong Management of All Risks
- 3 Business Ethics, Culture and Customer Protection
- 4 Easy, Fast and DIY
- 5 Financial Health and Advice
- 6 Climate Change: Opportunities & Risks
- 7 Responsible Use of Personal Data (data privacy, responsible AI)
- 8 Cybersecurity (cyber attacks, data theft, fraud...)
- 9 Employee Engagement and Talent Management
- 10 Diversity and Work-Life Balance
- 11 Human Rights
- 12 Inclusive Growth (contribution to the society, entrepreneurship, financial inclusion, financial education)
- 13 COVID-19

According to the finalized analysis, the **most material topic** was Climate Change. While it was ranked higher by stakeholders in previous years, **Solvency and Financial Performance** dropped to the **fourth spot** in 2021. As clearly revealed this year, both our internal and external stakeholders take greater heed of the fact that we are **running out of time for achieving the UN Sustainable**

Development Goals (SDGs) and for taking the actions that will minimize Climate Change Impact, and all our stakeholders **prioritize** every step we will be taking together to this end. As was the case in earlier years, the outputs from the analysis in 2021 once again showed that the **solid and sustainable solvency and financial performance, climate change** and **pandemic** topics must be **addressed and managed with an integrated perspective**. As **COVID-19** remained a material topic, Responsible Use of Personal Data and Cybersecurity headings incorporating data privacy and handling cyber risks within the scope of the **impacts of increased digitalization in the wake of the pandemic** took place in the top ranks also in 2021.

**Activities covering all material topics** along with these highlighted headings are explained in the report under the Financial Health, Sustainability, Reaching More Customers, Operational Excellence, The Best and Most Engaged Team, and Data and Technology headings that make the Company's six strategic priorities, by **establishing a connectivity** under the sections COVID-19, Corporate Governance, Risk Management and Our Value Creation.

**DOUBLE MATERIALITY**

Garanti BBVA undertook **double materiality** study for **Climate Change** -the highest priority both for the Bank's strategy and its stakeholders-, **Protection of Personal Data, Cybersecurity, Solvency and Financial Performance**. As part of this study, the Bank analyzed the impact of these topics upon Garanti BBVA (Outside-Inward Perspective) while how these topics impacted the others, in other words, how Garanti BBVA's activities dealing with these topics affected various stakeholders (Inside-Outward Perspective). Thus, the Bank analyzed risks and opportunities for each topic in connection with the aspect they were analyzed.

Garanti BBVA regards the double materiality analysis that it has undertaken for the very first time in 2021 as a basic effort showing that the Bank attaches great importance to this new methodology and started working on it, and aims to increase the effectiveness of this study in the coming years.

**CLIMATE CHANGE**

Impact on Garanti BBVA		Impact on Stakeholders	
<b>HOW DOES CLIMATE CHANGE IMPACT GARANTÍ BBVA?</b>		<b>HOW DO GARANTÍ BBVA'S ACTIVITIES IN RELATION TO CLIMATE CHANGE IMPACT STAKEHOLDERS?</b>	
<b>Opportunities</b>	<b>Risks</b>	<b>Opportunities</b>	<b>Risks</b>
<ul style="list-style-type: none"> <li>New business opportunities facilitating low carbon transition</li> <li>Differentiation through, and increased preference for, climate change management</li> <li>A stronger and predictable solvency through integrated risk management</li> <li>Better positioning against regulators and possible differentiation with respect to capital adequacy requirements</li> </ul>	<ul style="list-style-type: none"> <li>Risk of default due to customer assets entailing high climate risk</li> <li>Possible losses in specific business activities</li> <li>Need for a higher number of regulations</li> <li>Reputational risk</li> <li>Need for developing new talents</li> <li>Possible customer and investor losses</li> <li>New risks (greenwashing)</li> </ul>	<p><b>Customers:</b> Transition to a more sustainable future in alignment with the regulatory framework governing climate-related areas</p> <p><b>Investors:</b> Reduced investment risks and preserved value in the long-term</p> <p><b>Society:</b> Fulfillment of the expectations of the society and contribution to mitigation of climate change impacts in daily life</p> <p><b>Employees:</b> Healthier working environment and harmonious corporate culture</p> <p><b>Regulatory Authorities:</b> Regulatory compliance</p>	<p><b>Customers:</b> Challenges in accessing financing due to increased climate risks and lack of transition plans</p> <p><b>Investors:</b> Lower value of investment assets</p> <p><b>Society:</b> Risk of unfair climate transition and leaving behind certain communities</p> <p><b>Employees:</b> Deteriorated living conditions of employees and their families</p> <p><b>Regulatory Authorities:</b> Systemic risk</p>

CYBERSECURITY

Impact on Garanti BBVA		Impact on Stakeholders	
<b>HOW DOES THE CYBERSECURITY TOPIC IMPACT GARANTI BBVA?</b>		<b>HOW DO GARANTI BBVA'S ACTIVITIES IN RELATION TO CYBERSECURITY IMPACT STAKEHOLDERS?</b>	
Opportunities	Risks	Opportunities	Risks
<ul style="list-style-type: none"> <li>Business continuity</li> <li>Regulatory compliance</li> <li>Customer satisfaction through investments for reinforcing security infrastructure</li> <li>Competent workforce</li> <li>Prevent potential financial and reputational losses</li> <li>Preventive security capabilities</li> <li>Efficient operations through increased automation capabilities in security infrastructure and processes</li> <li>Increase the channels and methods used to inform customers and employees about fraud trends and important considerations</li> </ul>	<ul style="list-style-type: none"> <li>Failure to provide secure and uninterrupted service</li> <li>Regulatory compliance risk</li> <li>Reputational risk</li> <li>Lack of competencies in employees</li> </ul>	<p><b>Customers:</b> Protect customer data, secure and uninterrupted service delivery to customers Information service on fraud trends and important considerations Prevent potential financial and reputational losses</p> <p><b>Regulatory Authorities:</b> Regulatory compliance</p> <p><b>Employees:</b> Invest in employees with cybersecurity training, employee satisfaction</p>	<p><b>Customers:</b> Fraud risks Data security risk</p> <p><b>Regulatory Authorities:</b> Systemic risk</p> <p><b>Employees:</b> Competency risk and risk of compliance with the Bank's policies</p>

RESPONSIBLE USE OF PERSONAL DATA

Impact on Garanti BBVA		Impact on Stakeholders	
<b>HOW DOES THE RESPONSIBLE USE OF PERSONAL DATA TOPIC IMPACT GARANTI BBVA?</b>		<b>HOW DO GARANTI BBVA'S ACTIVITIES IN RELATION TO RESPONSIBLE USE OF PERSONAL DATA IMPACT STAKEHOLDERS?</b>	
Opportunities	Risks	Opportunities	Risks
<ul style="list-style-type: none"> <li>Add momentum to our solution processes through AI, machine learning and big data interpretation that have acquired a major place in the Bank's day-to-day operation</li> <li>Use data analytics effectively in various areas including offering the right products to customers, pricing, risk management etc.</li> <li>Various security-enhancing practices for customers</li> <li>Groundbreaking practices enabled by better data management and AI</li> <li>Develop applications that will support the expansion of our customer base</li> <li>Process automation using AI and data analytics, a better customer experience with minimum errors and high speed</li> <li>Enhance customer satisfaction by offering smart, customizable solutions</li> <li>Implement active pricing strategy, prevent fraudulent transactions</li> <li>Accelerate and facilitate customers' and employees' access to information with the use of chatbots, and increase operational efficiency</li> <li>Support customers' financial health and planning skills with data analytics</li> <li>Service continuity</li> </ul>	<ul style="list-style-type: none"> <li>Exercise discrimination in analytical solutions used in customer acquisition, pricing, employee recruitment and remuneration using data on gender, color, ethnical origin, disability, religion, sexual orientation and political affiliation</li> <li>Reputational risk</li> <li>Regulatory compliance risk</li> <li>Data security risk</li> <li>Business continuity risk</li> </ul>	<p><b>Customers:</b> Use fast customer solutions A good customer experience in pricing and product delivery Smarter, differentiated and customized experiences for customers Solutions supporting financial health Security and privacy</p> <p><b>Employees:</b> Trusted, preferred employer</p> <p><b>Regulatory Authorities:</b> Regulatory compliance</p>	<p><b>Customers:</b> Be subject to discrimination in data analytics Risk of data breaches related to customer privacy</p> <p><b>Employees:</b> Be subject to discrimination in recruitment</p> <p><b>Regulatory Authorities:</b> Systemic risk</p>

SOLVENCY AND FINANCIAL PERFORMANCE

Impact on Garanti BBVA		Impact on Stakeholders	
<b>HOW DOES A ROBUST VS. UNSTEADY SOLVENCY AND FINANCIAL PERFORMANCE IMPACT GARANTI BBVA?</b>		<b>HOW DOES ROBUSTNESS/UNSTEADINESS OF GARANTI BBVA'S SOLVENCY AND FINANCIAL PERFORMANCE IMPACT STAKEHOLDERS?</b>	
<b>Opportunities</b> <ul style="list-style-type: none"> <li>Opportunities</li> <li>-Business continuity</li> <li>-Decreased capital costs</li> <li>-Less regulatory and supervisory pressure</li> <li>-Possibility to access more capital and investors</li> <li>-Possibility to reach more employees and customers</li> <li>Trust and reputation</li> <li>Long-term sustainable funding</li> </ul>	<b>Risks</b> <ul style="list-style-type: none"> <li>Risk of instability in the system</li> <li>Loss of capital, customers and employees</li> <li>Reputational risk</li> <li>Loss of shareholders and investors</li> <li>Perceived unsteady business model resulting from unstable financial results, which gives rise to the risk of disposal of shares or debt instruments by a portion of investors</li> <li>Risk of disposal of shares or debt instruments by investors in the event of uncertainty and failure to secure repayment assurance due to below-expected solvency level</li> </ul>	<b>Opportunities</b> <p>Sustainable value creation for all stakeholders and support to economy</p> <p><b>Regulatory Authorities:</b> Providing assurance to the system</p> <p><b>Investors:</b> Consistent, long-term investment returns</p> <p>Resilience against volatility</p> <p>Decline in investment asset risk</p> <p>New and long-lived investors</p>	<b>Risks</b> <p>Financial loss for customers, employees, business partners</p> <p><b>Regulatory Authorities:</b> Systemic risk</p> <p><b>Investors:</b> Exit risk in investors and creditors due to financial instability</p> <p>Rise in investment asset risk</p> <p>Decreased value of investment asset</p>

SUSTAINABLE DEVELOPMENT GOALS AND GARANTİ BBVA

The Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development officially came into force on 1 January 2016. SDGs, adopted by the United Nations, guide the business world in terms of contributing to social development.

To ensure an inclusive, robust and stable economy for all individuals and to achieve social welfare in the world, the financial services sector should also adopt the SDGs in various ways, including, for example, by reshaping market opportunities in line with society's needs. Garanti BBVA contributes to the SDGs with all the sector-leading actions it undertakes to address the material topics.

Further details can be found in the Value Creation Process and Contribution to Sustainable Development Goals and Targets sections of the report, and activities undertaken can be found in Financial Health, Sustainability, Reaching More Customers, Operational Excellence, The Best and Most Engaged Team, and Data and Technology sections addressing the performance in strategic priorities.

Undertaking a more detailed study in 2021, Garanti BBVA reported not only on contributed Sustainable Development Goals, but also the details of how it contributed to which Sustainable Development Targets under these goals by way of its policies, products, services, and processes.





The Bank disclosed the actions it has taken in relation to Sustainable Development Targets establishing their connectivity to its Material Topics, Strategic Priorities and Capitals covered within its value creation according to integrated reporting framework.

Through this disclosure, Garanti BBVA aimed to avoid greenwashing in its reporting, a term referring to the provision of deceptive or misleading information by a company on how more sustainable its products and services are.

	Related Material Topics	Contributed Sustainable Development Goals	Contributed Sustainable Development Targets		
Our Strategic Priorities	<b>FINANCIAL HEALTH</b>	<ul style="list-style-type: none"> <li>3 Business Ethics, Culture and Customer Protection</li> <li>5 Financial Health and Advice</li> </ul>		5.1, 5.5, 5B, 5C, 8.3, 8.10, 9.1, 9.2, 9.3, 9B	
	<b>SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>2 Corporate Governance and Strong Management of All Risks</li> <li>5 Financial Health and Advice</li> <li>6 Climate Change: Opportunities &amp; Risks</li> <li>12 Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>		2.3, 2.4, 3.9, 3C, 4C, 5.1, 5.5, 5.B, 5.C, 6.1, 6.3, 6.6, 7.1, 7.2, 7.3, 7A, 7B, 8.3, 8.4, 8.7, 8.10, 9.1, 9.3, 9.4, 10.6, 11.3, 11.4, 11.C, 12.2, 12.4, 12.5, 12.6, 12.8, 12.C, 13.1, 13.2, 13.3, 13.A, 14.1, 14.2, 15.1, 15.2, 17.7, 17.14, 17.17, 17.19	
		<b>REACHING MORE CUSTOMERS</b>	<ul style="list-style-type: none"> <li>3 Business Ethics, Culture and Customer Protection</li> <li>4 Easy, Fast and DIY</li> </ul>		9.1,9.2,9.3, 9B
		<b>OPERATIONAL EXCELLENCE</b>	<ul style="list-style-type: none"> <li>1 Solvency and Financial Performance</li> <li>2 Corporate Governance and Strong Management of All Risks</li> <li>4 Easy, Fast and DIY</li> </ul>		10.1,16.4,16.5,16.6
		<b>DATA AND TECHNOLOGY</b>	<ul style="list-style-type: none"> <li>3 Business Ethics, Culture and Customer Protection</li> <li>4 Easy, Fast and DIY</li> <li>5 Financial Health and Advice</li> <li>7 Responsible Use of Personal Data (data privacy, responsible AI)</li> <li>8 Cybersecurity (cyber attacks, data theft, fraud)</li> </ul>		9.1,9.2,9.3,9B
	<b>THE BEST AND MOST ENGAGED TEAM</b>	<ul style="list-style-type: none"> <li>9 Employee Engagement and Talent Management</li> <li>10 Diversity and Work-Life Balance</li> <li>11 Human Rights</li> </ul>		4.A, 5.1, 5.5, 5.C, 8.3, 8.5, 8.7, 8.8, 10.1, 10.2, 10.3, 10.4, 13.3	
	<b>CORPORATE GOVERNANCE</b>	<ul style="list-style-type: none"> <li>2 Corporate Governance and Strong Management of All Risks</li> <li>3 Business Ethics, Culture and Customer Protection</li> </ul>		5.1, 5.5, 5C, 10.4, 16.4, 16.5, 16.6, 16.7	
	<b>COVID-19</b>	<ul style="list-style-type: none"> <li>13 COVID - 19</li> </ul>		3.C	

Further details can be found on Contribution to Sustainable Development Goals and Targets section.

# Stakeholder Engagement

 753  3 min  2  stakeholders

Given the great importance attached to them, Garanti BBVA maintains **regular communication** with its stakeholders, hears their opinions, and moves ahead with a keen focus on being an **inclusive bank** in every aspect. Continuous feedback from stakeholders allows the Bank not only to understand stakeholder expectations and meet their needs more precisely, but also presents it with a great opportunity to identify risks and opportunities, and set its priorities and strategy more comprehensively.

Having blended trends and surveys with the engagement of its stakeholders and completed its materiality analysis with the addition of the double materiality approach, Garanti BBVA discloses its strategy and activities, its contribution to the Sustainable Development Goals and Targets, and its total value creation process in connectivity with integrated thinking in its Integrated Annual Report.

Firstly, Garanti BBVA grouped its stakeholders as **those impacted by the Bank through its operations, products and services** and **those that have an impact on the Bank's achievement of its goal**. Based on this analysis, key stakeholders are determined as **customers, employees, shareholders and investors, government agencies & regulatory bodies, and the society, Non-governmental Organizations (NGOs) and international organizations**, which monitor not just the public opinion but also the Bank's activities and its **contributions to the Sustainable Development Goals** were taken into consideration as part of the society stakeholder.

Maintaining its dialogue with all its internal and external key stakeholders through various channels, Garanti BBVA reviewed


the feedbacks and outputs that cover **insights gained from regular contacts with departments that are highly familiar with stakeholder groups, stakeholder questionnaires and surveys, sector and global reports and recommendations of international initiatives and professional organizations, and trend reports encompassing press and social media feedbacks** as a whole.

**Material topics determined in view of the outputs from the dialogue with all internal and external key stakeholders in 2021 paralleled those in 2020, which remained valid.**

In order to measure its performance in satisfying customer expectations and reveal its improvement areas, Garanti BBVA analyzed the whole body of **Net Promoter Score (NPS) studies** and **after-service surveys** for customers that receive support from branches, the Customer Contact Center, the Customer Experience Support Team and digital channels, **regular monthly usability surveys** for better observing user needs, **brand and reputation surveys, customer complaints handling system, "Garanti BBVA'ya Sor" (Ask Garanti BBVA)** the customer satisfaction channel offering service 24/7 via social networks, the **smart platform supporting employees for solutions Empathy Assistant, Önersen, GONG, Atölye** platforms that compiles employee ideas and suggestions, and the **Ask/Share** section on the Intranet portal, **Gallup questionnaire** and **internal reputation surveys** for analyzing employee opinions, **questionnaires from analysts** with the aim of integrating **investors' perspective** within the study, both the **mainstream investors** and **sustainability-sensitive investors**, and the **national and international NGOs that the Bank is a member of**. The Bank determined its **material topics** taking into account also the **outputs from the analyses completed at the BBVA Group for global scale investors and NGOs**.

**Material topics** determined in view of the outputs from the dialogue with all internal and external key stakeholders **in 2021 paralleled those in 2020, which remained valid**. Having identified its material topics, Garanti BBVA first listed the topics for **each**

**stakeholder**, and second, ranked all stakeholders according to **significance of topics** by an aggregation process based on prior analysis. In doing so, the Bank assessed its stakeholders according to **dependency, influence, proximity, representation, responsibility, policy and strategic intent criteria**, and calculated the weighted score for each stakeholder group. When **strategic projections were captured** in the criteria used for stakeholder assessment, **stakeholder weights showed some variations in 2021 as compared to 2020**. In the collation method, a **prioritization score for each topic** on average was obtained using the weighted score of each stakeholder group. Garanti BBVA carried out an internal evaluation of how each material topic impacted its strategic priorities, and finalized its materiality analysis, making sure that **all topics were aligned with its integrated business strategy**.

 Further details can be found in the **Materiality Analysis section of the Report**.

Garanti BBVA summarized the topics that its **stakeholders regarded material and wished to highlight, their opinions and expectations**, how they relate to the 13 material topics identified in the materiality analysis, along with the **actions taken** in these respects.

Garanti BBVA provides an account of its **activities covering all material topics in the report** under the Financial Health, Sustainability, Reaching More Customers, Operational Excellence, The Best and Most Engaged Team, and Data and Technology headings that make the Company's six strategic priorities, by **establishing a connectivity** under the sections COVID-19, Corporate Governance, Risk Management and Our Value Creation.

## STAKEHOLDER WEIGHTING CRITERIA

### PROXIMITY

Garanti BBVA's interaction frequency, engagement in daily activities, long-term relations

### DEPENDENCY

Direct or indirect dependency for the continuity of the company's activities

### INFLUENCE

Impact on the Company or decision-making power

### REPRESENTATION

Officially representing certain groups

### RESPONSIBILITY

Garanti BBVA's financial, operational and legal responsibility

### POLICY AND STRATEGIC INTENT

Supporting the company in developing policy and strategy about emerging new risks and issues

CUSTOMERS

Issue	Material Topic Relevancy	What Does Garanti BBVA do About it?
<ul style="list-style-type: none"> <li>Expectation for secure customer experience against increased and evolving cyber threats</li> <li>Anticipation for responsible use of customer data whilst developing solutions for customer experience through increased use of artificial intelligence</li> <li>The need for provision of services giving underbanked individuals with disabilities greater access to financial services</li> <li>The need for supporting customers to build on their financial planning skills to help them be prepared against contingencies and plan their future</li> <li>Regularly seek customer opinions and improve services based on an approach aligned with business ethics and protecting customers against risks</li> <li>Develop consumer products that will support customers' transition to a low-carbon economy</li> <li>Resuming communication uninterruptedly through various channels following reduced face-to-face interactions; while doing that, promote usage of more effective AI for better understanding customers</li> </ul>	<p>CYBERSECURITY</p> <p>HUMAN RIGHTS</p> <p>RESPONSIBLE USE OF PERSONAL DATA (DATA PRIVACY, RESPONSIBLE AI)</p> <p>BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</p>	<p>Investments in security infrastructure continued uninterruptedly to deliver a more secure customer experience. Through deployment of the new technologies acquired in the field, their integration with other technologies, and inputting the information resulting from these developments in cyber incident management processes, existing preventive security capabilities were further upgraded. Automation capabilities in existing security infrastructure and processes were increased, thus increasing the efficiency of operations.</p> <hr/> <p>Making it a principle to adhere to human rights when developing solutions for improved customer experience and using data in relation to Big Data and AI, the Bank embraced Responsible AI principles in 2021. Garanti BBVA pledges not to discriminate through its adherence to human rights and Garanti BBVA Code of Conduct. No gender, color, ethnic origin, disability, religion, sexual orientation or political affiliation data is used in any analytical solution employed in customer acquisition, pricing, employee recruitment and remuneration, and controls are developed which will pursue responsible AI principles.</p> <hr/> <p>In 2021, Garanti BBVA continued with its initiatives facilitating access of customers with disabilities to service from branches and Garanti BBVA ATMs, which contribute to their physical and financial freedom. Delighted that over 10 thousand employees completed the web-based Sign Language training developed to provide better service to disabled customers, Garanti BBVA expanded its service network to 5,381 disabled-friendly ATMs in 2021, broken down as 5,156 ATMs accessible by visually impaired individuals and 225 ATMs accessible by individuals with orthopedic and visual disabilities.</p> <hr/> <p>Under the partnership established with BlindLook in 2021, Garanti BBVA enabled visually impaired customers to freely perform their transactions with the help of voice instructions through Garanti BBVA Mobile and Internet banking. Visually impaired customers can easily perform many transactions including account opening, money transfers and bill payments with the help of voice instructions without needing anyone else's help. This collaboration also made Garanti BBVA a part of BlindLook's EyeBrand (in Turkish: Görme Engelsiz Marka) network.</p> <hr/> <p>Through the Financial Health program launched within the mobile app, the Bank offers completely personalized insights to help its customers better monitor their finances and be prepared against unexpected situations, and assist them in improving their financial planning skills by acquiring saving-up capability, besides planning today. In 2021, Garanti BBVA devised more than 95 financial insights and presented action plans raising awareness, getting them ready in advance for major expenses, and steering them to save up easily and perform controlled spending. On the back of all these initiatives, My Status section was visited by 3.5 million customers on average per month.</p> <hr/> <p>In 2021, Garanti BBVA launched two new shopping loans set up to propagate awareness of renewable energy and efficient energy consumption for retail customers. Customers can quickly get a loan at advantageous interest rates with Türkiye's first Retail Rooftop Solar Power System (SPS) Shopping Loan for making use of solar power in their buildings and Environment-Friendly Building Insulation Loan for supporting efficient energy consumption in buildings and promote insulation investment. With these formats introduced in 2021, the Bank seeks to promote renewable energy and efficiency notions before retail customers and to support Türkiye's transition to a low-carbon economy.</p> <hr/> <p>In 2021, the Bank initiated the pilot run of the structure predicting the reason of customer calls placed to the Customer Contact Center. The Bank rapidly and securely fulfilled customer needs and facilitated interpretation of the demands by customer agents at the same time.</p>

EMPLOYEES

Issue	Material Topic Relevancy	What Does Garanti BBVA do About it?
<ul style="list-style-type: none"> <li>Build on our employees' knowledge and skills about Personal Data Protection Law through awareness activities</li> <li>Cybersecurity investments attuning remote access infrastructures with current needs and security principles, secure teleworking for employees</li> <li>Physical and administrative Covid-19 measures in work areas, developments in digital aspects, supporting employee awareness</li> <li>Raising increased awareness of gender equality among employees</li> </ul>	<p>RESPONSIBLE USE OF PERSONAL DATA (DATA PRIVACY, RESPONSIBLE AI)</p> <p>CYBERSECURITY</p> <p>COVID-19</p> <p>INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)</p>	<p>The Bank elaborated the work for alignment with the Personal Data Protection Law, and introduced new projects to further upgrade data security practices. It carried on with initiatives 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.</p> <p>While quickly updating its remote access infrastructures according to current needs, the Bank also upgraded them to capture the general security principles. Thanks to the pioneering investments in earlier years against the risk of connectivity loss of teleworking employees due to DDoS attacks, the Bank was able to manage these risks successfully also in 2021.</p> <p>In 2021, as it did in 2020, the Bank kept managing the COVID-19 pandemic dynamically with data-driven decisions using daily data analyses. The Bank made its employees feel that it stands by them also through this rough patch with the high rate of vaccination among employees, physical and administrative measures implemented in work spaces, promotion of employee awareness regarding health and safety risks during work-at-home periods, extremely precise supplier management processes, and digital developments such as the integration of the Ministry of Health database and the Bank's own COVID-19 database.</p> <p>The Bank added 141 new digital training programs to its catalogue in 2021 to let employees reach the training for any need in a modular fashion as digital learning came to the forefront after the COVID-19 outbreak.</p> <p>The Bank launched a compulsory training for all employees on the basis of an awareness planning in relation to Gender Equality that it focuses on within the scope of its Community Investment Programs, and initiated a long-term investment program with the EsitBiz Gender Equality training, aiming to reach first its employees, followed by teachers who have a critical role in the community in this respect.</p> <p>Within the framework of the Domestic Violence Platform established in 2016 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 2021. During the pandemic, awareness communication initiatives were carried out as a reminder of the scope of the existing policy and the support hotline for the employees.</p>

SOCIETY (INCLUDING NGOS, ASSOCIATIONS AND INTERNATIONAL ORGANIZATIONS)

Issue	Material Topic Relevancy	What Does Garanti BBVA do About it?
<ul style="list-style-type: none"> <li>Expectation for sharing the know-how and in-depth experience in ESG Management and Sustainable Finance</li> <li>Expectation for alignment of portfolios with low carbon pathways</li> <li>The need for the development of community investment programs supporting inclusive growth</li> <li>Expectation for adherence to Human Rights and having specific reports and targets for diversity and inclusion</li> </ul>	<p>CLIMATE CHANGE: OPPORTUNITIES &amp; RISKS</p> <p>INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)</p> <p>HUMAN RIGHTS</p> <p>COVID-19</p>	<p>Garanti BBVA kept leading the sustainable transformation of the sustainable finance sector in Türkiye. In this framework, the Bank serves as the co-leader of Global Compact Network Türkiye's Banking and Finance Working Group with the aim of advancing the existing practices in the financial services sector in Türkiye further. In 2017, with seven other banks from Türkiye, the Bank signed the Declaration on Sustainable Finance, which stipulates consideration of environmental and social risks in loan processes in Türkiye and their integration into associated policies. In its 2021 update, the scope and sphere of influence of the Declaration were broadened through incorporation of innovative sustainable finance principles as well as consideration of environmental and social impact in credit evaluation processes.</p> <p>Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA) launched in April 2021. The Bank has been the first and only Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. The UN-convened alliance of banks worldwide, NZBA brings together 98 banks representing 43% of global banking assets and committed to aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner.</p> <p>Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA.</p> <p>In 2021, Garanti BBVA has announced its concrete goal within the scope of the Business Initiative for Plastic led by BCSD Türkiye, Global Compact Network Türkiye and Turkish Industry and Business Association (TUSIAD) that it has become a signatory of in 2019. With its declared commitment for 318.6 tonnes of plastic reduction and avoidance by 2023, the Bank tangibly pledged its support to the business world's fight against plastic pollution.</p> <p>Having launched a compulsory training for all employees on the basis of an awareness planning in relation to Gender Equality that it focuses on within the scope of its Community Investment Programs, the Bank initiated a long-term investment program with the EsitBiz Gender Equality training, aiming to reach first its employees, followed by teachers who have a critical role in the community in this respect.</p> <p>Owing to the importance it attaches to gender equality and diversity and the steps it takes in this area, Garanti BBVA qualified for inclusion in the Bloomberg Gender Equality Index once again in 2021. The Bank continued to communicate its initiatives and experiences in this area to all its stakeholders via the associations it chairs or belongs to also in 2021.</p>

SHAREHOLDERS AND INVESTORS

Issue	Material Topic Relevancy	What Does Garanti BBVA do About it?
<ul style="list-style-type: none"> <li>Communication of macroeconomic indicators with increased volatility during the pandemic.</li> <li>Expecting greater transparency on the following issues:</li> <li>Actions taken by the Bank during the pandemic and their operational and financial impact</li> <li>Extent of asset quality deterioration due to rapidly changing market conditions and specific sectors</li> <li>New regulatory framework affecting the banking sector and their implications</li> <li>Currency Volatility</li> <li>Interest Rates</li> <li>Expectation for comparable and easily accessible data in Environmental, Social and Governance areas</li> <li>Expectations regarding the financing of low carbon transition</li> <li>Expectation for ensuring information security and creating an evolving corporate governance structure against cybersecurity threats</li> </ul>	<p>SOLVENCY AND FINANCIAL PERFORMANCE</p> <p>CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS</p> <p>CLIMATE CHANGE: OPPORTUNITIES &amp; RISKS</p> <p>CYBERSECURITY (CYBER ATTACKS, DATA THEFT, FRAUD...)/RESPONSIBLE USE OF PERSONAL DATA (DATA PRIVACY, RESPONSIBLE AI)</p>	<p>In keeping with the sustainability strategic priority, content, performance and target were added to operating guidance plans and were disclosed transparently.</p> <hr/> <p>During 2021 characterized by rapidly changing post-pandemic market dynamics, the investor relations team kept getting together with the investors by way of videoconference and teleconferences.</p> <hr/> <p>Regular information was provided about the high margin and profitability that the Bank was able to preserve over the years despite volatile macroeconomic indicators and retention of robust capital buffers.</p> <hr/> <p>Information was shared regarding the Bank's action plans in view of the implications of actual and potential regulatory framework.</p> <hr/> <p>The Bank increased its overall Corporate Governance Rating from 9.77 to 9.79 owing to the informative content added to the Investor Relations Website which improved its compliance in Public Disclosure and Transparency.</p> <hr/> <p>The Bank issued the Board of Directors Diversity and Sustainability Policy on 8 July 2021. The Policy sets out the principles and criteria for adequate composition of Garanti BBVA Board of Directors, and adequacy and diversity of its members. The Policy has set the a target for female directors to constitute 25% of the Board of Directors by the end of 2025.</p> <hr/> <p>The Bank periodically reports information about its environmental impact in the light of environmental indicators (GHG emissions (Scope 1 (direct), Scope 2 (energy indirect), Scope 3 (other direct)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) in a comparable format. This report can be found under the ESG Analyst Data tab under Environment, Social and Governance section on the Investor Relations website.</p> <hr/> <p>Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge to exit coal in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest. Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision by being the first bank to declare this commitment in Türkiye.</p> <hr/> <p>Data Governance and Protection Committee was set up. The committee holds three meetings in a year. The security organization was restructured to conform to the new BRSA information systems regulation. An Enterprise Information Security team is formed, which reports to the CEO. The Information Security Committee was reorganized and is headed by the CEO.</p>

GOVERNMENT AGENCIES AND REGULATORY AUTHORITIES

Issue	Material Topic Relevancy	What Does Garanti BBVA do About it?
<ul style="list-style-type: none"> <li>Active participation in TBB's (The Banks Association of Türkiye) Sustainability Working Group and coordinate evaluation of climate-related opportunities and risks between banks and regulatory authorities</li> <li>Offer products and services aligned with the Draft Debt Instruments and Green Lease Certificates Guide prepared by the CMB to encourage financing of investments that will positively contribute to environmental sustainability within the framework of the priorities and actions set in the Paris Agreement</li> <li>Launching Garanti BBVA Climate Index in cooperation with CDP Türkiye and Borsa İstanbul to stir to action the local sustainable finance market</li> <li>The first-ever Green IPO</li> <li>Alignment with the National Artificial Intelligence Strategy (NAIS) of the Presidency of the Republic of Türkiye Digital Transformation Office</li> </ul>	<p>CLIMATE CHANGE: OPPORTUNITIES &amp; RISKS</p> <p>RESPONSIBLE USE OF PERSONAL DATA (DATA PRIVACY, RESPONSIBLE AI)</p> <p>INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)</p>	<p>For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-level engagement with the business community, governments and policymakers, and numerous national and international organizations. In this context, Garanti BBVA actively participates in or chairs the meetings of the UN Net-Zero Banking Alliance (NZBA), Principles for Responsible Banking Working Group, Global Compact Network Türkiye, the Turkish Business Council for Sustainable Development (BCSD Türkiye), the Banks Association of Türkiye Sustainability Working Group and the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group meetings.</p> <hr/> <p>The Bank prepared the draft Debt Instruments and Green Lease Certificates Guide to regulate the selection of projects eligible for green finance, and utilization, management and reporting of revenues from debt instruments with the aim of reinforcing sustainable finance framework based on CMB's initiatives. The draft guide is also anticipated to serve as an important starting point for sustainable finance taxonomy studies. With the determination of the types of green projects under the draft guide, it is intended to raise awareness of all stakeholders and improve the market. In parallel with these developments, Garanti BBVA will keep diversifying its products and services with sustainable debt instruments and green/sustainable loan options that it pioneers in Türkiye with the purpose of supporting its customers in this area.</p> <hr/> <p>In an effort to mobilize the local sustainable finance market, Garanti BBVA launched the Garanti BBVA Climate Index in cooperation with CDP Türkiye and Borsa İstanbul in 2021. The index aims to put the spotlight on companies displaying a high performance in CDP Climate Change reporting to which companies traded on Borsa İstanbul respond with respect to the fight against climate change. The index measures the price and return performance of the portfolio consisting of the stocks of companies that are traded on Borsa İstanbul and transparently declare their risks and opportunities regarding climate change according to the CDP methodology.</p> <hr/> <p>The Bank carried out Türkiye's first Green IPO with Galata Wind. In addition to the sustainability rating audit received from an international rating agency for the IPO process, environmental and social commitments were added to the prospectus submitted to the CMB.</p> <hr/> <p>Garanti BBVA takes a stance aligned with the National Artificial Intelligence Strategy (NAIS) published in 2021 by the Presidency of the Republic of Türkiye Digital Transformation Office. The Bank continues to train AI experts and to create employment in this field in a manner that caters to this vision, while attaching importance to making a difference with its innovative character, increasing national and international partnerships, and producing high quality solutions by bolstering its technical infrastructure.</p>

# Opportunities and Risks

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Areas Impacted by Mega Trends	Risk Drivers	Opportunity Drivers	Garanti BBVA's Approach
<b>BUSINESS ENVIRONMENT (1)</b>	<ul style="list-style-type: none"> <li>Competition for Talent</li> <li>Rapid Alignment</li> <li>Synthetic Media</li> <li>Changing Business Norms</li> <li>Stakeholder Expectations</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Next-Gen Workforce</li> <li>Productivity</li> <li>Agility</li> <li>Social Media Management</li> <li>Transparency</li> <li>Hybrid Working</li> <li>Resilience</li> <li>Remote Working</li> </ul>	<p><b>Fighting Inequalities</b></p> <p><b>Supporting Entrepreneurship</b></p> <p><b>Digital Transformation</b></p> <p><b>Future of Work</b></p>
<b>ECONOMY (2)</b>	<ul style="list-style-type: none"> <li>Global Supply Chain Issues</li> <li>Increased Global Volatility</li> <li>Changing Dynamics: from Globalization to Regionalization</li> <li>Decreased Economic Welfare</li> <li>New International Regulatory Framework</li> </ul>	<ul style="list-style-type: none"> <li>Financial Awareness</li> <li>Diversity and Inclusion</li> <li>Sustainable Finance</li> <li>Inclusive Growth</li> <li>Cyclical Economy</li> <li>Sharing Economy</li> <li>Young and Dynamic Population</li> </ul>	<p><b>Contribution to Sustainable Growth</b></p> <p><b>Fighting Inequalities</b></p>
<b>SOCIETY (3)</b>	<ul style="list-style-type: none"> <li>21<sup>st</sup> Century Skills Gap</li> <li>Pandemic</li> <li>Social Alignment and Trust</li> <li>Food Security</li> <li>Forced Migration</li> <li>Growing Inequalities</li> <li>Gender Inequalities</li> </ul>	<ul style="list-style-type: none"> <li>Rise of the Individual</li> <li>Sustainable Development</li> <li>Entrepreneurship</li> </ul>	<p><b>Contribution to Sustainable Development</b></p> <p><b>Climate Change Adaptation</b></p> <p><b>Fighting Inequalities</b></p> <p><b>Supporting Entrepreneurship</b></p> <p><b>Future of Work</b></p> <p><b>Talent Development and Investing in Training</b></p>
<b>ENVIRONMENT (4)</b>	<ul style="list-style-type: none"> <li>Climate Action Failure</li> <li>Extreme Weather and Natural Disasters</li> <li>Climate Crisis</li> <li>Biodiversity Loss</li> <li>Resource Scarcity</li> <li>Plastic Pollution</li> <li>Water Scarcity</li> </ul>	<ul style="list-style-type: none"> <li>Energy Transition</li> <li>Eco-friendly Business Growth</li> <li>Green Recovery</li> <li>Low Carbon Transition</li> <li>Environmental Awareness</li> </ul>	<p><b>Contribution to Sustainable Development</b></p> <p><b>Climate Change Adaptation</b></p> <p><b>Green Transformation</b></p>
<b>TECHNOLOGY (5)</b>	<ul style="list-style-type: none"> <li>Cyber Security</li> <li>Responsible AI</li> <li>Digital Inequalities</li> <li>Data Privacy</li> <li>Crypto Market Anomalies</li> </ul>	<ul style="list-style-type: none"> <li>Robotic Technologies</li> <li>Internet of Things</li> <li>Personalized Solutions</li> <li>DIY</li> <li>Automation</li> <li>Digitalization</li> <li>Data Analytics</li> </ul>	<p><b>Digital Transformation</b></p> <p><b>Future of Work</b></p>

The COVID-19 outbreak of 2020 and its social, economic and geopolitical effects that vigorously prevailed throughout 2021 gave rise to **one of the severest global crises** after WW2. While governments, businesses and communities strove to ascertain and remedy the damage from the negative impacts of the extraordinary pandemic circumstances of 2020 and its persistent negative impacts, it has been bared that it had become more important than ever before to develop **strategic projections** for the future. The higher the world's susceptibility to the risk, the greater the need for **calling attention to the risks, defining the risks** and finding more effective ways of **communicating the risks** to the decision-makers. The pandemic has also increased the possibility and inevitability of attracting attention to **progressively increasing social and environmental risks**. In 2021, the **impossibility of achieving sustainable development and growth within the existing order** has been unveiled even more powerfully. The need for businesses, being important actors of the global order, to **comprehensively tackle risk and opportunity management** was revealed once again.

In this period when developing strategic projections through more comprehensive consideration of risks and opportunities has become vital, Garanti BBVA addresses **this year's mega trends** that shaped the environment in which it operates and stakeholder expectations **under eight headings classified into short-, medium- and long-term opportunity and risk drivers, and describes how each one is handled within the frame of its strategy in this section.**

Opportunities and challenges related to the Turkish Economy and the Turkish Banking Sector are discussed in the section titled **"The Environment We Operate In".** **Materiality Analysis and Stakeholder Engagement** sections deal with the impacts of the Bank's material topics upon Garanti BBVA and the impacts of Garanti BBVA's actions in relation to these topics upon its stakeholders in conjunction with the opportunities and risks aspects on the basis of the **Double Materiality Analysis** that the Bank has undertaken for the first time in 2021.

Opportunity and risk drivers discussed on this section and extensive studies carried out within the frame of material topics

are disclosed under the headings **Our Governance Structure, Corporate Governance, Internal Systems and Risk Management,** and in the sections titled **Our 2021 Material Topic: COVID-19 and 2021 Performance and Outlook.**

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT (2) (3) (4)

With its effects continuing to hover over 2021 as well, the **COVID-19 pandemic decelerated the progress** of sustainable development all over the world. For the **first time** since the adoption of the Sustainable Development Goals (SDGs) in 2015, global average of **SDG Index score was down as compared to the previous year** in 2020: this was driven mainly by **increased poverty rates and unemployment** following the COVID-19 outbreak. While the report covering year-end 2021 data and the average SDG index in the report have yet to be published, all data indicate that **not enough distance was paved in the sense of recovery** in sustainable development in 2021 either. On another note, the emergence of SARS-CoV-2 Omicron variant one year after the initial vaccinations begins to eliminate restrictive barriers underline the **fragility and inequality of the efforts for taking the virus under control.** It is observed that the progress in **climate action and climate change adaptation, preserving biodiversity and zero hunger** headings that make an important part of the SDGs, which is the United Nations' key plan to end poverty and build a healthier planet by 2030, is not happening at the expected speed.


Despite all the deceleration, 2021 has seen the **finance sector step up its activity** as compared to the previous years to contribute to sustainable development. For instance, **funds focusing on Environmental Social and Governance criteria were less affected by the pandemic as compared to others.** According to Refinitiv data, **sustainable finance bond issuance** totaled **USD 859 billion** in 2021, its **highest ever.**<sup>1</sup>

These positive developments underlined once again the **importance of the commitment to achieve the SDGs.** Garanti BBVA recognizes that it has an important role to play as a financial institution in the attainment of these targets. With this

<sup>1</sup> <https://www.reuters.com/markets/commodities/global-markets-esg-2021-12-23/>

awareness, the Bank continues to play an **active part** in Türkiye's sustainable development journey in alignment with the **UNEP-FI (UN Environment Programme Finance Initiative) Principles for Responsible Banking**, in the development of which it was **involved** and of which it is a **signatory**.

As stated in the **Sustainability Policy** adopted in 2014 and revised in 2021, Garanti BBVA intends to implement sustainable banking alongside **technological innovations, management of its environmental footprint** stemming from its operations and an **environmental and social risk assessment** developed within the frame of risk management system. The Bank also recognizes that it needs to **collaborate with its peers and suppliers in the world** to identify **best practices and products** so as to capitalize on new opportunities and to **remain the sustainability leader in Türkiye**. With respect to sustainable business, Garanti BBVA positions itself as an **advisor** for all its stakeholders. During 2021, Garanti BBVA launched **50 different loans and products** to contribute to sustainable development. By reporting on how it tackles sustainable development and which targets of 16 SDGs from out of the existing 17 it has contributed solidly as of 2021, Garanti BBVA aims to reveal its contribution on the basis of more concrete targets.

 Further details can be found under the heading Value Creation Process and in the section titled Contribution to Sustainable Development Goals and Targets.

## CLIMATE CHANGE ADAPTATION (3) (4)

As stated in The Global Risks Report 2022 of the World Economic Forum, **climate-related environmental risks** ranked first in the **top ten risks** both in terms of impact and likelihood.<sup>2</sup> As the world struggled with the ongoing COVID-19 pandemic on one hand, it battled with the unremitting **extreme weather events** on the other in 2021. Natural disasters causing loss of lives and property made the headlines of the news throughout the year.


Despite all the negative impacts it bears, the pandemic also presents an **important opportunity** for combating the climate

<sup>2</sup> <https://www.weforum.org/reports/global-risks-report-2022>

change. There is a worldwide consensus that the post-pandemic **new order** to be established must be focused on sustainability. With the **Green Recovery** approach that entered our lives this year, **eco-friendly solutions** are anticipated to be preferred particularly in the **economy**.

The **26<sup>th</sup> UN Climate Change Conference of Parties (COP26)**, which has been the scene to the most crucial climate negotiations since the Paris Agreement, was also held in 2021 and set the stage for the signing of **critical conventions** for climate change adaptation and limiting the negative impacts of global warming. Garanti BBVA continued to raise increased awareness of the **measures and commitments** to be undertaken by Türkiye in relation to climate change adaptation, by sustaining its partnerships for the **implementation and promotion of local and global developments in the Turkish market**, besides **monitoring** these developments in climate change adaptation. In the aftermath of COP26, the Bank co-hosted the **Climate Finance Workshop** with the Institute of International Finance (IIF) to tackle the measures and commitments against climate change within the framework of climate finance.

Concrete examples of the efforts in relation to this issue are presented in the section titled Sustainability.

 Further details about Garanti BBVA's efforts and initiatives undertaken in relation to Climate Change, Sustainable Finance and Low Carbon Transition can be found in the Sustainability section.

## GREEN TRANSFORMATION (4)

As governments and business world begin taking solid steps towards **climate change** and **the society's data privacy**, which impact the whole world, this also gives rise to certain regulatory revisions. One of the most talked-about topics of 2021 was the **European Green Deal**, which includes the **Carbon Border Adjustment** as a mechanism for **reducing carbon emissions**. The purpose of the Carbon Border Adjustment is to **prevent carbon leakage** arising from trade relations with countries

with climate policies that are not aligned with the 1.5 degree target. Besides preventing the relocation of these emissions (or 'carbon leakage'), practices like Carbon Border Adjustment also target to **pressure for strengthened climate policy efforts**. Türkiye will be **significantly** affected by this adjustment given that it ships nearly 41% of its exports to EU, in addition to its close commercial relations with the EU. The Deal also brings along major opportunities for **green transformation**. For harmonization with these stipulations, the Republic of Türkiye Ministry of Trade published the **"Green Deal Action Plan"**<sup>3</sup> in July 2021. The action plan incorporates important provisions such as **increasing Türkiye's share in international green finance and green investments, strengthening the green finance ecosystem, and supporting green transformation through sustainable, efficient resource utilization**. In the light of these regulations keenly tackled by public institutions, the Turkish financial market regulators carried out important tasks to define the green finance framework and guidelines.

Garanti BBVA keeps striving to constantly upgrade its **sustainable finance products** that it has deployed across all Corporate, Commercial, SME and Retail Banking segments to comply with the **Draft Green Debt Instruments and Green Lease Certificate Guidelines**<sup>4</sup> published by the CMB, and the **Sustainable Banking Strategy Plan**<sup>5</sup> created by the BRSA within the framework of its responsibilities set within the "Green Deal Action Plan" as a result of all these developments, and preserve its **pioneering and enabler role in green transformation throughout 2021**.

 Further details about Garanti BBVA's efforts and initiatives in relation to Green Transformation can be found in the Sustainability section.

## FIGHTING INEQUALITIES (1) (3)

Amid the grueling post-pandemic **recovery phase** of a **globalized market economy**, which was a challenging transformation

<sup>3</sup> <https://ticaret.gov.tr/data/60f1200013b876eb28421b23/MUTABAKAT%20YE%C5%9E%C4%BOL.pdf>

<sup>4</sup> <https://www.spk.gov.tr/Sayfa/Dosya/1350>

<sup>5</sup> <https://www.bddk.org.tr/KurumHakkinda/EkGetir/5?ekId=36>

<sup>6</sup> <https://www.credit-suisse.com/lu/en/articles/media-releases/global-wealth-report-2021-202106.html>

<sup>7</sup> <https://data.unwomen.org/publications/whose-time-care-unpaid-care-and-domestic-work-during-covid-19>

worldwide, the **constantly enlarging income gap** between high income-earners and the poor where one side is getting richer and the other side is getting poorer is **damaging the economies**, and leading to **erosion of social cohesion**. Credit Suisse's annual **Global Wealth Report** released in June 2021 estimates that the bottom 50% of adults in the global wealth distribution together accounted for less than 1% of total global wealth at the end of 2020, while, in contrast, **the richest decile** (top 10% of adults) **owns 82% of global wealth**.<sup>6</sup>

On another front, climate change began acting as a major force upon **forced migration**. While it is estimated that **by 2050, 200 million people will be forced to displace** due to a number of social factors such as environmental and social inequalities including climate-related water and food security, soil loss, higher frequency of natural disasters etc., as well as education opportunities and unemployment, it is predicted that **Türkiye will be among the destination countries of climate migrants** and will be extremely affected by this situation due to limited resources. Growing social inequalities give rise to **devastating impacts** economically and socially. **Fighting wealth inequality, and inequalities related to gender, race, ethnicity and social class** will be the **top agenda items** in the years ahead. 2021 has been a year during which the effects of **gender inequality in business** deepened. **Women's jobs are 1.8 times more vulnerable to the impact of crisis** than men's jobs. This is further exacerbated since women do a much higher percentage of household chores such as cooking, cleaning and caregiving. According to the UN, women on average do **three times more unpaid care work** than men.<sup>7</sup> The Covid-19 post-pandemic period demonstrates that corporations do need to revise their perspectives and approaches in matters such as **talent retention, pursuing work-life balance of employees and employee satisfaction**. At Garanti BBVA, we kept offering support to our women employees by carrying on with our various initiatives against the risks presented by gender inequality, such as our **motherhood experience, domestic violence platform, and women leadership mentoring program, etc.**



The overall ratio of women employees is 58% for the whole Bank and 40% for medium level and senior managers. Its pioneering practices and initiatives in this respect made Garanti BBVA the only company from Türkiye to be included for five consecutive years in the Bloomberg Gender Equality Index. The Bank creates initiatives on female leadership and talent, equal pay and gender pay parity, inclusive culture, and sexual harassment policies, and regularly improves its practices in the light of international metrics.

Additionally, Garanti BBVA keeps promoting gender equality also through its products. With the Gender Loan it has launched as the world's first in 2019, it keeps helping the business world contribute to gender equality. In 2021, the Bank signed a new Gender Loan for the amount of USD 33 million with a leading chemicals company. Gender equality criteria set by the Sustainable Finance Team for this facility are evaluated periodically by an independent third party.

Further details about the products and services Garanti BBVA offers in relation to inclusive growth, sustainable finance and growing social inequalities can be found in the Sustainability section and details about the programs implemented for its employees can be found in The Best and Most Engaged Team section.

### SUPPORTING ENTREPRENEURSHIP (1) (3)

As the demographic changes gain speed particularly in emerging countries, high rate of youth unemployment is poised to remain a major global issue. According to an OECD study published in 2021, the share of "youth not in employment, education or training" between the ages 15-29 in Türkiye as a percentage of young people in the corresponding age group, in other words, to the young population, went up to 29% in 2020 with the added effect of the COVID-19 pandemic.<sup>8</sup> Increasing youth unemployment will presumably keep aggravating various risks in Türkiye and all over the world such as social exclusion, mass migrations, intergenerational conflicts about the policies developed for financial markets and labor markets.

<sup>8</sup> <https://data.oecd.org/youthinac/youth-not-in-employment-education-or-training-need.htm>

In line with its objective of "bringing the age of opportunity to everyone", Garanti BBVA works towards emphatically supporting its customers and the society to increase youth employment. In order to realize its purpose, Garanti BBVA carries out many initiatives that support entrepreneurship. In 2015, the Bank has launched Garanti BBVA Partners Accelerator Program to help flourish the entrepreneurial ecosystem in Türkiye. Garanti BBVA Partners Accelerator Program helps startups grow with specific support, develops strategies together with the entrepreneurs, assisting them in the preparation of a comprehensive business plan to put their projects into action, and contributes to their sustainable growth. Through Garanti BBVA Partners Accelerator 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. In 2021, Garanti BBVA Partners hosted 5 startups and the total amount of investments granted to startups included in the Program exceeded TL 30 million.

Another important segment that is placed focus on is women entrepreneurs. Women's labor force participation rate is only 34% in Türkiye, whereas the OECD average is 64%. If Türkiye can reach the OECD average by 2025, the GDP will increase by USD 250 billion. Realizing the support that women need in this area, Garanti BBVA launched its Women Entrepreneurship Program in 2006. The Bank's efforts in empowering women entrepreneurs are categorized under four headings: "providing finance", "encouraging", "training" and "accessing new markets". The amount of TL cash loans provided under financing support to women entrepreneurs, categorized as a special customer group, exceeded TL 11 billion by the end of 2021 in all segments combined. Within the frame of the foreign borrowing program, Garanti BBVA, in cooperation with the World Bank-member IFC (International Finance Group), 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 2021.

Further details about Garanti BBVA's activities to support entrepreneurship in Türkiye and to empower women entrepreneurs can be found in the Sustainability section.

### DIGITAL TRANSFORMATION (1) (5)

In 2021, digitalization gained a tremendous momentum with the pandemic's ongoing effect driving social transformation. Companies not only shifted their working environments to the digital, but they kept transferring the services and products rendered to the customers to the digital channels to the extent possible.

For Garanti BBVA, digitalization is a material topic given focus by both internal and external stakeholders. Therefore, it is an integral part in the decision-making mechanism, which supports technology and process efficiencies and continuously drives the Bank forward. 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. An example of Garanti BBVA's services rendered to customers using the omni-channel approach in their design and of its digitalization strategy in 2021 is users' being able to become Garanti BBVA customers end-to-end digitally without the need for going to a branch with the "Onboarding" flow developed in line with the BRSA's "Remote Authentication" regulation. Launched on 1 May 2021, the capability blends technologies such as video chat, near field communication (NFC), ID scanning using optic imaging and biometric verification. In addition, "Money Transfer for Onboarding" flow was introduced for users wishing to become a Garanti BBVA customer using their non-NFC devices during 2021.

Dependence on the widening use of digital systems led to a social change as well. Industries underwent rapid digitalization in 2020 and 2021, employees in opportune roles switched to teleworking, and the use of digital platforms and devices facilitating this change increased. In parallel with the transition to digitalized business models, cyber security threats grew as well: according to a study published in 2021, malwares and ransom software attacks surged by 358% and 435%, respectively, in 2020.

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. Along this line, steps began to be taken for reorganizing Garanti BBVA Cyber Security Center so as to operate 24/7 in view of current threats and technological novelties and for turning it into a structure capable of responding to the future needs now.

Responsible efforts for achieving compliance with the Personal Data Protection Law (PDPL), PDPL Governance function was transferred from the Legal Department to the Compliance Department. Expanded by one person in January 2021 in keeping with the new requirements and the importance Garanti BBVA attaches to the matter, PDPL governance team further enriched the scope of its personal data protection activities and widened them. While personal data exploration activities are carried on in detail using the explorer purchased in 2020, deletion and encryption were initiated for detected personal data of high risk and significance. In an effort to increase the effectiveness of the personal data action plan and to identify improvement areas therein, Garanti BBVA devised action plans in alignment with the outcomes from the consultancy service conducted in 2021. Using the personal data governance tool, the installation of which has been completed, complete detection of all personal data processing was commenced. New functions were set up within the Bank's organization for effective use of the governance tool. It is envisaged that this initiative will contribute to performance of the cost/benefit and risk analysis of the PDPL compliance program more effectively, and thereby, to constitution of the priorities of the PDPL compliance program more efficiently.

Further details about Garanti BBVA's efforts for digitalization of its products and services, its efforts against data and cyber security risks can be found in the sections titled Reaching More Customers and Data and Technology.

Further details about the Compliance Department that carries out its activities within the scope of compliance with the Personal Data Protection Law (PDPL) can be found under the heading Internal Systems Governance.

### FUTURE OF WORK (1) (3) (5)

Persisting **pandemic risks** continued to dominate the agenda of the work life throughout 2021 as they did in 2020. While **robust technology and data infrastructures** produced benefits on the one hand, the **effects of the powerful transformation** experienced upon **human behaviors** led to **uncertainties** about the future. The emergence of diverse working methods amid the **"new normal"** concept and **successful and productive** implementation of new working models such as **home-based working** and **hybrid working** brought into the question their permanent implementation in 2021 and beyond. The effects of certain trends affecting the work life perpetuated also in 2021. Be it the **millennials and zoomers** or the **disruptive technological advancements**, this is only a telling sign of a much more serious **paradigm shift** in the ways of doing business and in the workplace.

On another note, this transformation also bears some other risks for companies. For instance, it is hard to **reach and attract** top talent in the market. The most significant reason is **competition**, which is not only among the banks within the banking sector, but also among other various sectors. Competition among new trending areas related to data, artificial intelligence, digital marketing, robotics, etc. diminished the attractiveness of the banking sector. **New generation talents** tend to have short tenure, which leads to low engagement scores. Every company must find new ways to **strengthen employee engagement**. Along with **digital transformations**, businesses' **needs** and the required skills for the **roles** are **changing rapidly**.

Furthermore, reaching and attracting the top talent in the market and retaining them in the company as engaged employees entail increased **inclusion and diversity anticipations** as compared to before. As a matter of fact, inclusion and diversity are the Bank's inherent values. Garanti BBVA's approach to its employees are in parallel with its **ethical values** and **"equality principle"**. In addition to those, Garanti BBVA undertakes numerous initiatives to establish diversity and inclusion at the **heart of its talent management approach**.

Socially and economically empowering **women, increasing their role in decision-making mechanisms**, and **creating diversity and inclusive culture by ensuring gender equality** both in professional and community life lie at the heart of Garanti BBVA's approach to talent management. **At Garanti BBVA, women employees comprise 58% 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 Türkiye to sign them**.

Having launched a compulsory training for all employees on the basis of an awareness planning in relation to Gender Equality that it focuses on within the scope of its **Community Investment Programs**, the Bank initiated a long-term investment program with the **EşitBiz Gender Equality training**, aiming to reach first its **employees**, followed by **teachers** who have a **critical role** in the community in this respect. 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 Türkiye to be **included for five consecutive years** in the **Bloomberg Gender Equality Index** that covers 232 companies from 10 industries from 36 countries and regions across the world.

Aimed at empowering women leaders and increasing their recognition in internal networks, **Women Leadership Mentorship Program** continued for executives in 2021. To date, more than

50 women executives received mentorship and **more than 30 mentors** furnished mentoring under the program.

Not restricting inclusion only to gender-focused inclusion, Garanti BBVA took a series of actions to increase its **inclusion in terms of age and seniority**: during 2021, the **Young Committee** started activities in an effort to **better hear the young employees' voices**, to **conceive ideas collectively**, and to **improve employee experience**. Numerous projects are intended to be put into life as a result of the work of project groups under the Committee.

Further details about the development and future of work life at Garanti BBVA and supporting women employees can be found in the section titled The Best and Most Engaged Team.

### TALENT DEVELOPMENT AND INVESTING IN TRAINING (3)

**Quality education**, which makes the foundation of **equal opportunities**, is still one of the greatest challenges worldwide, and remains important within the scope of UN Sustainable Development Goals. According to the UN Sustainable Development Goals reports, the quality and quantity of education vary widely within and across countries.<sup>9</sup> **Accessing the education that will pave the way for the skills and competencies** required by the 21<sup>st</sup> century has become a luxury in many countries, attainable only by a specific socioeconomic status class.

On the other hand, the continuously **advancing technology** constantly modifies **job contents, ways of working** and the **competencies required** of the workforce. As of **2020, global workforce** is made up of by **millennials by 35%, zoomers by 24%; by 2025**, it is forecasted that **75% of the global workforce** will be composed of **employees under 35**. In this context, **skill and competency development of new generations** becomes critical in order to adapt to the change mentioned before. Companies establish close collaborations with public institutions, educational institutions, NGOs and individuals as they must **plan** and take **action** now according to the future **economic benefits** and potential effects of **social changes** that will result

from technological developments. While companies' support to close the skills gap means **bringing the age of opportunity**, it also contributes to the **sustainable future** of the world.

Constantly advancing technology, increased automation of the workforce and the change in required competencies give rise to the need for companies to offer **opportunities to prepare today for the competencies of the future** to their own employees. Garanti BBVA considers **upskilling and reskilling**, which refers to **development of employees' skills** according to the evolving needs of the future as a key **building block** of its training approach. In **2021, 95% of employees** attended the upskilling and reskilling programs that were born out of this approach and that will provide the employees with opportunities to do their current jobs better and to prepare now for the competencies of the future.

In addition, societies have a greater need for quality education and training in required talents that change in parallel with the technological developments in the world. Based on its commitment to create shared value, Garanti BBVA has been conducting community investment programs in the field of quality education for many years. The Bank's initiatives in this context are **Teachers Academy Foundation (ÖRAV)** founded by Garanti BBVA in 2008, **5 Pebbles: Social and Financial Leadership Program**, and **Teachers Without Distance** web seminar series, which are carried out in cooperation with ÖRAV. To date, ÖRAV reached nearly **230,040 teachers** in Türkiye. The 5 Pebbles Program reached **9,000 students** and **564 teachers in 2021**, and the web seminar series **Teachers Without Distance** launched in 2021 reached **13,786 teachers**.

Garanti BBVA's talent management activities targeted at its employees can be found in The Best and Most Engaged Team section, and its initiatives for widening quality education in the society under the Community Investment Programs heading in the Sustainability section.

<sup>9</sup> <https://www.forbes.com/sites/chuckbrooks/2021/10/24/more-alarming-cybersecurity-stats-for-2021-/?sh=4a6b5c894a36>

# Value Creation Process

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## INPUT

### FINANCIAL CAPITAL

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 its unconditional customer satisfaction approach with its robust capitalization and a focus on efficiency, the Bank sustains its contribution to the economy through effective balance sheet management.

Customer-driven deposit base continued to make up the largest portion in the funding of its asset growth. 63% annual expansion of the customer deposit base was backed by both TL and FC customer deposits. The Bank's LDR improved to 82% on a consolidated basis. The high share of demand deposits within total deposits and growth enabled by low-cost, permanent SME and retail customer deposits are among the reasons that set Garanti BBVA apart from its peers and hand the bank the highest NIM.

Possessing the highest net fees and commissions base among its peers, Garanti BBVA strongly maintained sustainable income generation thanks to its well-diversified fee sources and its digitalized processes, and enlarged its net fees and commissions by 40% during 2021.

### DIGITAL & INTELLECTUAL CAPITAL

Garanti BBVA targets to reach its 11 million digital banking customers at the right time, with the right message, always focusing on delivering a better experience and adopting omni-channel strategy. The Bank pays attention to delivering an unrivaled user experience enabled by more detailed analysis. It allows performance of all transactions without needing assistance by offering a simple, smooth experience. The Bank constantly invests in digital platforms to provide pioneering solution suggestions. It expands its digital customer base and increases the share of digital channels in its sales. It takes precautions against all risks which could prevent secure and uninterrupted service ensuring information security.

The Bank turns digital channels into a medium where customers can obtain financial advisory. By developing financial instruments that support digital transformation, it also helps its customers be prepared for a digital future. Carrying digital channels way beyond being a mere platform for transacting and product applications, the Bank acts with the vision of smartly interacting with customers at all touchpoints and delivering them an experience that truly creates a bond of trust.

At the Bank, technology supports process efficiencies, and is an enabler for top-down fast decision-making with a single source of data and common understanding, 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.

### HUMAN CAPITAL

Placing employee centricity at the heart of each and every HR practice in line with its priority to set up the best and most engaged team, Garanti BBVA aims to create a culture that every employee will be proud and happy to be a part of and to establish a fair and transparent working environment dominated by equal opportunities and diversity. The Bank carries out a work-life balance program named Work Life Integration (İYİ) in order to enhance employee satisfaction and offer a richer working experience. Employees submit their suggestions and ideas through the platforms named Önersen, GONG, and Atölye, and the "Ask/Share" section of the intranet portal.

Having quickly adapted to remote working in the wake of the pandemic, the Bank began successfully implementing the Hybrid Working Model principles that blend the productivity of teleworking and face-to-face communication necessary for bonding socially.

The Bank promotes continuous learning culture which fully prepares the employees for the competencies of the present and the future. In 2021, 374 hours of training per employee was offered. The digital learning platform was redesigned, 88 thousand employees took part in 6,300 training programs, and digital training accounted for 41% of all trainings on the basis of hours. 95% of employees attended upskilling ve reskilling programs.

### RELATIONSHIP CAPITAL

By placing its more than 20 million customers at the center of all its activities and designing processes from their perspective, Garanti BBVA strives to offer a perfect customer experience. The Bank aims to be transparent, clear and responsible towards customers and establish long-lived relationships built on mutual trust.

The Bank takes care to hear its customers' needs 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.

Attaching great importance to AI and big data applications and offering its customers solutions that generate value, Garanti BBVA launched UGI, Türkiye's first AI-based smart assistant, in 2016.

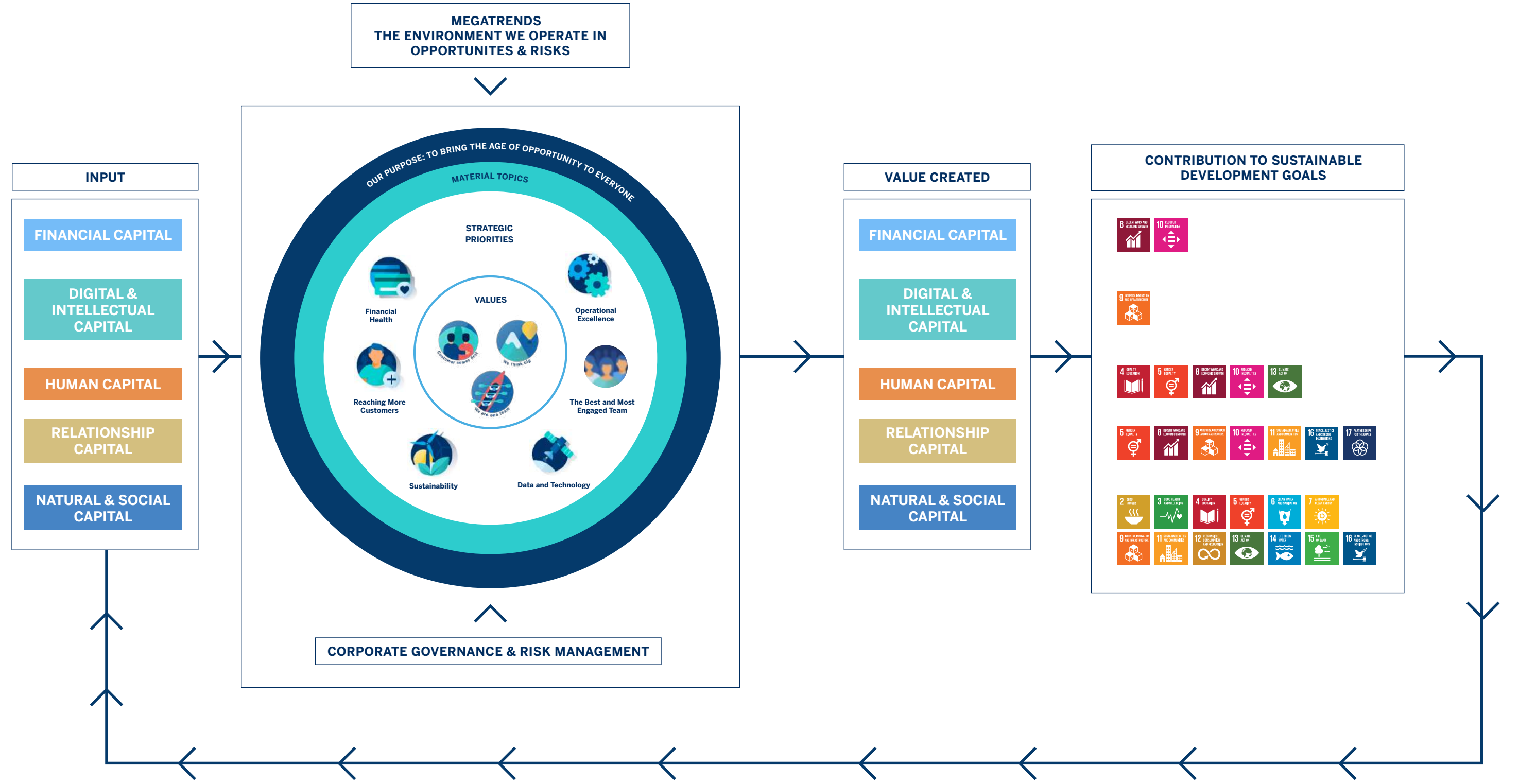
The Bank helps its customers make informed decisions by supporting financial literacy, financial health and financial inclusion through the solutions offered.

### NATURAL & SOCIAL CAPITAL

Total financing provided by Garanti BBVA so far to sustainable development on the basis of impact investment notion reached TL 60 billion at year-end 2021. The Bank has pledged to contribute increasing amounts of financing by 2025 in parallel with the BBVA Group's sustainable finance targets. The Bank demonstrated its commitment to this pledge by adding the financing target to be mobilized for sustainable finance in the premium eligibility criteria of all employees at any level, starting with the Board of Directors.

In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of Science-Based Targets methodology in line with the Paris Agreement's goal to limit temperature rise to 1.5 degrees, and has been the first company to declare such a target in Türkiye.

Helping its customers grow their businesses sustainably, Garanti BBVA works to offer instruments supporting transition to a sustainable economy by developing products and services targeted at diverse needs for a low-carbon and inclusive growth. The Bank contributes to positive change with its affiliation to 48 engagement platforms and 29 memberships. Focusing on community investment programs, the Bank invested TL 60 million delivering impactful outcomes on material issues in 2021.



## VALUE CREATED

### FINANCIAL CAPITAL

According to consolidated financial statements, Garanti BBVA booked TL 13 billion in net profit, TL 849 billion in total assets, and contributed TL 610 billion to the economy through cash and non-cash lending in 2021. The Bank registered a Return on Average Equity of 19% and a Return on Average Assets of 2% with a Capital Adequacy Ratio of 14% in 2021.

Garanti BBVA's market capitalization reached TL 47.3 billion at the end of 2021, with an earnings per share figure of TL 3.11. On 15 November 2021, BBVA offered a voluntary takeover bid to acquire all of the shares not owned by it (50.15%) with a price of TL 12.20 per share.

Garanti BBVA contributes to the economy and the society through financial products and services, by generating market capitalization and dividends for shareholders, paying salaries to employees, making payments to suppliers and tax revenues to governments. The Bank makes a significant contribution to public finances not only through its own tax payments, but also by intermediating the collection and payment of third-party taxes. The total tax contribution of Garanti BBVA to public finances is disclosed voluntarily on Garanti BBVA Investor Relations website.

### DIGITAL & INTELLECTUAL CAPITAL

As a result of its investments in digital channels and technology, Garanti BBVA provided uninterrupted and swift access to support the increased channel use especially during the pandemic period, protected the health and safety of its customers and employees, and reached the largest digital and mobile customer base. The share of digital sales in total sales increased to 57.5%. As the pioneer in digitalization, the Bank empowers customers with state-of-the-art digital solutions and leads the sector with its

applications. With its set of 500+ functions, Garanti BBVA Mobile facilitates transacting for customers independent from time and location. Garanti BBVA retains its leadership of the sector with 36% share in QR transactions that expanded in keeping with the increased need for contactless transacting during the pandemic.

Integrating the opportunities stemming from advancing technology and data sources in its business model, Garanti BBVA tackles customer management with a more analytical approach by interpreting big data clusters using machine learning with 62 projects developed and using the outputs in various ways such as resource planning, as well as design, change, transformation in its organizational model. 484 thousand questions answered by Bilge and Kobilge employee bots developed using the AI technology that can be integrated into any business process, and 26.4 million interactions of the Smart Assistant UGI in 2021 serve as an indication of the smart and personalized communication taking advantage of DIY. At the same time, 93 processes developed using Robotic Process Automation (RPA) improves customer experience by ensuring operational efficiency, error-free and high-speed service.

### HUMAN CAPITAL

During 2021, Garanti BBVA created employment for 18,354 people, and successfully achieved its goals also on the basis of conducting its work and services remotely, which was implemented until October for roles allowing teleworking. The Bank increased the number of programs for employee happiness to 11. According to the results of the employee engagement survey conducted annually by an independent research company, 2021 engagement score was 4.22 on a scale of 5. The turnover ratio of high-performers was 3.5%. Having started to administer Employee Experience Questionnaires three times a year, the Bank builds on corporate loyalty on the back of actions designed according to employee feedbacks.

In 2021, the Young Committee started activities in an effort to better hear the young employees' voices, to conceive ideas collectively, and to improve employee experience. "Önersen" (You Suggest) platform has been instrumental in collecting more than 27,500 ideas and suggestions since 2007. Women employees comprise 58% of all employees and 40% of senior/middle level management. 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 Türkiye to be included for six consecutive years in the Bloomberg Gender Equality Index.

### RELATIONSHIP CAPITAL

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. While the Bank achieved a Net TCR Score of 62% in 2021, it had the second highest NPS among retail customers representing its own profile and the highest one among SME customers, in both cases compared to its peers, according to the results of the NPS research conducted with Retail and SME customers.

The Bank sustains its support to startups within the frame of inclusive growth. Garanti BBVA Partners Accelerator Program extended support to 50 startups over the course of seven years, and the investments received by startups exceeded TL 30 million. Since 2006, the Bank has been ceaselessly supporting 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. Financing provided to women entrepreneurs topped TL 11 billion in total.

In 2021, the number of customers who started using savings products reached 947 thousand. 37% of the customers who logged into the mobile banking app checked the "My Status"

section thereon that focuses on financial health. With its enlarged transaction set and increased understanding capacity, the Smart Assistant UGI began making suggestions proactively to customers. Since 2016 to date, UGI had more than 66 million interactions with 6.3 million customers.

### NATURAL & SOCIAL CAPITAL

Garanti BBVA ended 2021 as a carbon-neutral bank, as it did the year before. Procuring electricity needs of its branches and buildings from renewables, 39,832 tCO<sub>2</sub>-equivalent emissions were avoided which corresponds to the carbon sink capacity of roughly 2.5 million trees. Through its financing of renewable energy projects, the Bank has been instrumental in avoiding 8.48 million t CO<sub>2</sub>-equivalent emissions based on the total installed capacity currently in operation.

Since 2014, 100% of total amount of financing to greenfield electricity generation investments in project finance activities has been allocated to renewable investments each year. In 2021, Garanti BBVA has been the first bank to declare its pledge to exit coal and is the one and the only Turkish signatory to the UN Net Zero Banking Alliance (NZBA).

The Bank provided investment support worth TL 43.6 million in 2021 to Community Investment Programs addressing Reduced Inequalities and Supporting Entrepreneurship, Offering Opportunities to Everyone through Education, Supporting Research and Cultural Activities.

# Contribution to Sustainable Development Goals and Targets

2 ZERO HUNGER: END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE"					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>2.3.</b> By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Agriculture Support Package</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>2.4.</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Agriculture Support Package</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	Natural & Social Capital	SUSTAINABILITY	

3 GOOD HEALTH AND WELL-BEING: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>3.9.</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	<ul style="list-style-type: none"> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>3.c.</b> Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</p>	<ul style="list-style-type: none"> <li>• Health Sector</li> <li>• Infrastructure Investments</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>• COVID-19</li> </ul>	Natural & Social Capital	SUSTAINABILITY COVID-19	
4 QUALITY EDUCATION: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA UYGULAMALARI	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>4.a.</b> Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>	<ul style="list-style-type: none"> <li>• Talent Development Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Engagement and Talent Management</li> </ul>	Human Capital	THE BEST AND MOST ENGAGED TEAM	
<p><b>4.c.</b> By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States</p>	<ul style="list-style-type: none"> <li>• 5 Stones - Social and Financial Leadership Program and Teachers Without Distance, implemented in cooperation with the Teacher Academy Foundation (ÖRAV)</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	Natural & Social Capital	SUSTAINABILITY	

**5 GENDER EQUALITY**  
**GENDER EQUALITY: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS**

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTÍ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
 <p><b>5.1.</b> End all forms of discrimination against all women and girls everywhere</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Women Entrepreneur Program</li> <li>• Bloomberg Gender Equality Index</li> <li>• Board Diversity Policy</li> <li>• Various initiatives that encourage women to advance in their careers, with 40% of female senior and mid-level managers</li> <li>• Gender Equality Loan</li> </ul>	<ul style="list-style-type: none"> <li>• Business Ethics, Culture and Customer Protection</li> <li>• Financial Health and Advice</li> <li>• Corporate Governance and Strong Management of All Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>• Diversity and Work-Life Balance</li> <li>• Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Relationship Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<p>FINANCIAL HEALTH</p> <p>SUSTAINABILITY</p> <p>THE BEST AND MOST ENGAGED TEAM</p> <p>CORPORATE GOVERNANCE</p>
 <p><b>5.5.</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Women Entrepreneur Program</li> <li>• Bloomberg Gender Equality Index</li> <li>• Board Diversity Policy</li> <li>• Various initiatives that encourage women to advance in their careers, with 40% of female senior and mid-level managers</li> <li>• Gender Equality Credit</li> </ul>	<ul style="list-style-type: none"> <li>• Business Ethics, Culture and Customer Protection</li> <li>• Financial Health and Advice</li> <li>• Corporate Governance and Strong Management of All Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>• Diversity and Work-Life Balance</li> <li>• Employee Engagement and Talent Management</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Relationship Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<p>FINANCIAL HEALTH</p> <p>SUSTAINABILITY</p> <p>THE BEST AND MOST ENGAGED TEAM</p> <p>CORPORATE GOVERNANCE</p>
 <p><b>5.b.</b> Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Women Entrepreneur Program</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Health and Advice</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	<ul style="list-style-type: none"> <li>Relationship Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<p>FINANCIAL HEALTH</p> <p>SUSTAINABILITY</p>
 <p><b>5.c.</b> Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Women Entrepreneur Program</li> <li>• Bloomberg Gender Equality Index</li> <li>• Board Diversity Policy</li> <li>• Various initiatives that encourage women to advance in their careers, with 40% of female senior and mid-level managers,</li> <li>• Gender Equality Credit</li> </ul>	<ul style="list-style-type: none"> <li>• Business Ethics, Culture and Customer Protection</li> <li>• Financial Health and Advice</li> <li>• Corporate Governance and Strong Management of All Risks</li> <li>• Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>• Diversity and Work-Life Balance</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Relationship Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<p>FINANCIAL HEALTH</p> <p>SUSTAINABILITY</p> <p>THE BEST AND MOST ENGAGED TEAM</p> <p>CORPORATE GOVERNANCE</p>

**6 CLEAN WATER AND SANITATION**  
**CLEAN WATER & SANITATION: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL**

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTÍ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
 <p><b>6.1.</b> By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p>	<ul style="list-style-type: none"> <li>• Treatment Plant Infrastructure Financing and Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>6.3.</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>	<ul style="list-style-type: none"> <li>• Treatment Plant Infrastructure Financing and Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>6.6.</b> By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p>	<ul style="list-style-type: none"> <li>• TURMEPA Blue Breath Project</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
<p><b>7 AFFORDABLE AND CLEAN ENERGY</b>  <b>AFFORDABLE &amp; CLEAN ENERGY: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL</b></p>				
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTÍ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
 <p><b>7.1.</b> By 2030, ensure universal access to affordable, reliable and modern energy services</p>	<ul style="list-style-type: none"> <li>• Renewable Energy Investments</li> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>7.2.</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<ul style="list-style-type: none"> <li>• Renewable Energy Investments</li> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>7.3.</b> By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>7.a.</b> By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p>	<ul style="list-style-type: none"> <li>• Renewable Energy Investments</li> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY
 <p><b>7.b.</b> By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support</p>	<ul style="list-style-type: none"> <li>• Renewable Energy Investments</li> <li>• Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	SUSTAINABILITY

8 DECENT WORK AND ECONOMIC GROWTH

DECENT WORK & ECONOMIC GROWTH: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
<p><b>8.3.</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>	<ul style="list-style-type: none"> <li>Garanti BBVA Partners Venture Acceleration Program</li> <li>Our Financial Health &amp; Access Practices</li> </ul>	<ul style="list-style-type: none"> <li>Financial Health and Advice</li> <li>Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>Employee Engagement and Talent Management</li> </ul>	<ul style="list-style-type: none"> <li>Financial Capital</li> <li>Human Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL HEALTH</li> <li>SUSTAINABILITY</li> <li>THE BEST AND MOST ENGAGED TEAM</li> </ul>
<p><b>8.4.</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p>	<ul style="list-style-type: none"> <li>Sustainable Financial Transactions</li> <li>Management of Our Direct Environmental Impacts</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>SUSTAINABILITY</li> </ul>
<p><b>8.5.</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<ul style="list-style-type: none"> <li>Equal Opportunity Model application</li> <li>Women's Empowerment Principles</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and Work-Life Balance</li> <li>Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>THE BEST AND MOST ENGAGED TEAM</li> </ul>
<p><b>8.7.</b> Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p>	<ul style="list-style-type: none"> <li>Garanti BBVA's Environmental and Social Credit Policies</li> <li>Garanti BBVA's Ethics and Integrity Principles</li> <li>Ethics Hotline</li> <li>HR Internal Control Mechanism</li> <li>Ethics and Integrity Committee</li> <li>Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance and Strong Management of All Risks</li> <li>Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>SUSTAINABILITY</li> <li>THE BEST AND MOST ENGAGED TEAM</li> </ul>
<p><b>8.8.</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> <li>Equal Opportunity Model application</li> <li>Women's Empowerment Principles</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics, Culture and Customer Protection</li> <li>Diversity and Work-Life Balance</li> <li>Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>THE BEST AND MOST ENGAGED TEAM</li> </ul>
<p><b>8.10.</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>	<ul style="list-style-type: none"> <li>Increased digital channel functions</li> <li>Disabled access ATMs</li> </ul>	<ul style="list-style-type: none"> <li>Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> <li>Business Ethics, Culture and Customer Protection</li> <li>Financial Health and Advice</li> </ul>	<ul style="list-style-type: none"> <li>Relationship Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL HEALTH</li> <li>SUSTAINABILITY</li> </ul>

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

INDUSTRY, INNOVATION & INFRASTRUCTURE: BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
<p><b>9.1.</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>	<ul style="list-style-type: none"> <li>Infrastructure Investments</li> <li>Digital payment systems</li> </ul>	<ul style="list-style-type: none"> <li>Easy, Fast &amp; DIY</li> <li>Financial Health and Advice</li> <li>Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	<ul style="list-style-type: none"> <li>Digital &amp; Intellectual Capital</li> <li>Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>DATA AND TECHNOLOGY</li> <li>SUSTAINABILITY</li> <li>REACHING MORE CUSTOMERS</li> </ul>
<p><b>9.2.</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p>	<ul style="list-style-type: none"> <li>Infrastructure Investments</li> <li>Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>Easy, Fast &amp; DIY</li> <li>Financial Health and Advice</li> </ul>	<ul style="list-style-type: none"> <li>Digital &amp; Intellectual Capital</li> <li>Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>DATA AND TECHNOLOGY</li> <li>REACHING MORE CUSTOMERS</li> <li>FINANCIAL HEALTH</li> </ul>
<p><b>9.3.</b> Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>	<ul style="list-style-type: none"> <li>SME Banking and Microfinance Applications</li> <li>Garanti BBVA Partners Startup Acceleration Program</li> </ul>	<ul style="list-style-type: none"> <li>Easy, Fast &amp; DIY</li> <li>Financial Health and Advice</li> <li>Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)</li> </ul>	<ul style="list-style-type: none"> <li>Digital &amp; Intellectual Capital</li> <li>Relationship Capital</li> <li>Financial Capital</li> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>DATA AND TECHNOLOGY</li> <li>FINANCIAL HEALTH</li> <li>REACHING MORE CUSTOMERS</li> <li>SUSTAINABILITY</li> </ul>
<p><b>9.4.</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<ul style="list-style-type: none"> <li>Renewable Energy Investments</li> <li>Sustainable Finance Transactions</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	<ul style="list-style-type: none"> <li>Natural &amp; Social Capital</li> </ul>	<ul style="list-style-type: none"> <li>SUSTAINABILITY</li> </ul>
<p><b>9.b.</b> Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities</p>	<ul style="list-style-type: none"> <li>Garanti BBVA Partners Venture Acceleration Program</li> </ul>	<ul style="list-style-type: none"> <li>Easy, Fast &amp; DIY</li> <li>Financial Health and Advice</li> </ul>	<ul style="list-style-type: none"> <li>Digital &amp; Intellectual Capital</li> <li>Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>DATA AND TECHNOLOGY</li> <li>FINANCIAL HEALTH</li> <li>REACHING MORE CUSTOMERS</li> </ul>





REDUCED INEQUALITIES: REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES



**10.1.** By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

- Employing over 18,486 people
- Financial products and services to the economy and society, market value and dividends to our shareholders, wages to our employees, payments to our suppliers and tax payments to governments

- Employee Engagement and Talent Management
- Solvency and Financial Performance

Human Capital  
Financial Capital

THE BEST AND MOST ENGAGED TEAM  
OPERATIONAL EXCELLENCE



**10.2.** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

- Employment Practices

- Employee Engagement and Talent Management
- Diversity and Work-Life Balance

Human Capital

THE BEST AND MOST ENGAGED TEAM



**10.3.** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

- Employment Practices

- Employee Engagement and Talent Management
- Diversity and Work-Life Balance

Human Capital

THE BEST AND MOST ENGAGED TEAM



**10.4.** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

- Garanti BBVA's Environmental and Social Credit Policies,
- Gender Equality Loan
- Garanti BBVA Ethics and Integrity Principles
- Ethics Hotline
- HR Internal Control Mechanism
- Ethics and Integrity Committee
- Audit Committee

- Employee Engagement and Talent Management
- Diversity and Work-Life Balance
- Business Ethics, Culture and Customer Protection
- Corporate Governance and Strong Management of All Risks

Human Capital

THE BEST AND MOST ENGAGED TEAM  
CORPORATE GOVERNANCE



**10.6** Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

- Sustainable Finance Statement
- Policies and opinions on sustainable finance that we contribute through TBB
- Sustainability-themed Sectoral Working Groups we participate in

- Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)

Relationship Capital

SUSTAINABILITY



SUSTAINABLE CITIES AND COMMUNITIES: MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE



**11.3.** By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

- Infrastructure Investments

- Climate Change: Opportunities & Risks

Natural & Social Capital

SUSTAINABILITY



**11.4.** Strengthen efforts to protect and safeguard the world's cultural and natural heritage

- Environmental and Social Loan Policies

- Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)

Relationship Capital

OPERATIONAL EXCELLENCE  
SUSTAINABILITY



**11.c.** Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

- Infrastructure Investments

- Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)

Relationship Capital

OPERATIONAL EXCELLENCE  
SUSTAINABILITY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION					
RESPONSIBLE CONSUMPTION & PRODUCTION: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>12.2.</b> By 2030, achieve the sustainable management and efficient use of natural resources</p>	<ul style="list-style-type: none"> <li>Sustainable Financial Transactions</li> <li>Environmental and Social Loan Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>12.4.</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<ul style="list-style-type: none"> <li>Sustainable Financial Transactions</li> <li>Environmental and Social Loan Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>12.5.</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> <li>Efforts to Reduce Our Direct Environmental Impacts</li> <li>Global Eco-Efficiency Plan</li> <li>Sustainable Finance Transactions</li> <li>Environmental and Social Credit Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>12.6.</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> <li>Integrated Annual Report</li> <li>Garanti BBVA Climate Index</li> <li>Sustainable Finance Transactions</li> <li>Environmental and Social Loan Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>12.8.</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<ul style="list-style-type: none"> <li>All our communication activities with a focus on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>12.c.</b> Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities</p>	<ul style="list-style-type: none"> <li>Coal Exit Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	

13 CLIMATE ACTION					
CLIMATE ACTION: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>13.1.</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> <li>Sustainable Financial Transactions</li> <li>Environmental and Social Loan Policy</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>13.2.</b> Integrate climate change measures into national policies, strategies and planning</p>	<ul style="list-style-type: none"> <li>Sustainable Finance Statement</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>13.3.</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> <li>All our communication activities with a focus on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> <li>Employee Engagement and Talent Management</li> </ul>	Natural & Social Capital	SUSTAINABILITY THE BEST AND MOST ENGAGED TEAM	
<p><b>13.a.</b> Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p>	<ul style="list-style-type: none"> <li>BBVA 2025 Pledge</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
14 LIFE BELOW WATER					
LIFE BELOW WATER: CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT					
SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE	
<p><b>14.1.</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>	<ul style="list-style-type: none"> <li>TURMEPA Blue Breath Project</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	
<p><b>14.2.</b> By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans</p>	<ul style="list-style-type: none"> <li>TURMEPA Blue Breath Project</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change: Opportunities &amp; Risks</li> </ul>	Natural & Social Capital	SUSTAINABILITY	

**15 LIFE ON LAND** LIFE ON LAND: PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
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**15.1.** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

- Our Environmental and Social Credit Policies
- Carbon Offsetting Transactions

• Climate Change: Opportunities & Risks

Natural & Social Capital

SUSTAINABILITY

**15.2.** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

- Our Environmental and Social Credit Policies
- Carbon Offsetting Transactions

• Climate Change: Opportunities & Risks

Natural & Social Capital

SUSTAINABILITY

**16 PEACE, JUSTICE AND STRONG INSTITUTIONS** PEACE, JUSTICE AND STRONG INSTITUTIONS: PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
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**16.4.** By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime

- Garanti BBVA's Environmental and Social Loan Policies
- Garanti BBVA's Ethics and Integrity Principles
- Ethics Hotline
- HR Internal Control Mechanism
- Ethics and Integrity Committee
- Audit Committee

• Corporate Governance and Strong Management of All Risks

• Business Ethics, Culture and Customer Protection

Natural & Social Capital

OPERATIONAL EXCELLENCE

CORPORATE GOVERNANCE

**16.5.** Substantially reduce corruption and bribery in all their forms

- Garanti BBVA's Environmental and Social Loan Policies
- Garanti BBVA's Ethics and Integrity Principles
- Ethics Hotline
- HR Internal Control Mechanism
- Ethics and Integrity Committee
- Audit Committee

• Corporate Governance and Strong Management of All Risks

• Business Ethics, Culture and Customer Protection

Relationship Capital

Natural & Social Capital

OPERATIONAL EXCELLENCE

CORPORATE GOVERNANCE

**16.6.** Develop effective, accountable and transparent institutions at all levels

- Garanti BBVA's Environmental and Social Loan Policies
- Garanti BBVA's Ethics and Integrity Principles
- Ethics Hotline
- HR Internal Control Mechanism
- Ethics and Integrity Committee
- Audit Committee

• Corporate Governance and Strong Management of All Risks

• Business Ethics, Culture and Customer Protection

Relationship Capital

Natural & Social Capital

OPERATIONAL EXCELLENCE

CORPORATE GOVERNANCE

**16.7.** Ensure responsive, inclusive, participatory and representative decision-making at all levels

- Diversity Policy at Garanti BBVA's Board of Directors

• Corporate Governance and Strong Management of All Risks

• Business Ethics, Culture and Customer Protection

Relationship Capital

Natural & Social Capital

CORPORATE GOVERNANCE

**17 PARTNERSHIPS FOR THE GOALS** PARTNERSHIPS FOR THE GOALS: STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS	GARANTİ BBVA APPLICATIONS	RELATED MATERIAL ISSUES	RELATED CAPITALS	SECTIONS ON RELATED STRATEGY AND PERFORMANCE
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**17.7.** Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed

- Sustainable Finance Transactions

• Climate Change: Opportunities & Risks

Relationship Capital

SUSTAINABILITY

**17.14.** Enhance policy coherence for sustainable development

- Sustainable Finance Statement
- Policies and opinions on sustainable finance that we contribute through TBB
- Sustainability-themed Sectoral Working Groups we participate in

• Climate Change: Opportunities & Risks

Relationship Capital

SUSTAINABILITY

**17.17.** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships Data, monitoring and accountability

- Sustainable Finance Statement

• Climate Change: Opportunities & Risks

Relationship Capital

SUSTAINABILITY

**17.19.** By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries

- Sustainable Finance Statement

• Climate Change: Opportunities & Risks

Relationship Capital

SUSTAINABILITY

# What is the Impact of Being a Solution Partner?

**Cemal Onaran**  
Executive Vice President  
Commercial Banking



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

*Choice*

**Customers' primary business partner**

Acceleration

*Guidance*

**Energy efficiency consultancy**

Acceleration

*Innovation*

**Türkiye's first Corporate Green Auto Loan**

Acceleration

*Development*

**Expertise, fast solutions to needs, support via 28 commercial branches**

Acceleration

# Our 2021 Material Issue: COVID-19

 3,022  12 min  6  employees

## CREATING RESPONSIBLE AND SUSTAINABLE VALUE FOR ALL STAKEHOLDERS

Considering the health of all its stakeholders as its topmost priority during the pandemic, Garanti BBVA, as always, focused on taking responsible and sustainable actions through these times. **Infrastructures** capable of tracking the impact and course of the pandemic and of **strengthening data-driven decision-making** were developed, and regular analysis of data using the pandemic-linked **comprehensive, up-to-date database** backed **proactive action** plans. One of the strongest muscles of the Bank in this period has been its organizational agility, which provided the ability to rapidly shift its focus for redefining its priorities, fulfill its stakeholders' needs uninterrupted and rapidly while protecting their health, and consequently to deliver good experiences.

## LOOKING OUT FOR EMPLOYEES' HEALTH

Being Türkiye's leading financial institution, Garanti BBVA erected its primary responsibility upon **protecting** first and foremost **employee health** in every step along the way and to manage this strategy in a balanced fashion with the **priority given to its customers**. The Bank has been handling the **steps taken and precautions adopted** under the headings monitoring the current situation and health processes, hygiene and employee services, physical environment, and finally, technology and data. In doing so, Garanti BBVA takes the utmost care to achieve **total alignment with the instructions and guidance of local and international health authorities**.

- **Monitoring The Current Situation and Health Processes**  
Close follow-up of the current status of employees' health and management of health processes

- **Hygiene Measures and Employee Services**  
Providing the hygienic working environment needed by employees and adoption of all necessary hygiene precautions

- **Physical Environment**  
Arrangement of physical working environments and facility services in accordance with the conditions dictated by the pandemic

- **Technology And Data**  
Utilizing the means and possibilities offered by technology to integrate data within decision-making and employee experience processes using robust data infrastructures

## WORKING ORDER DURING 2021

As one of the most vital steps of **preventing the spread of the pandemic**, all employees falling under the "vulnerable group" as defined by local health authorities and all employees that Garanti BBVA **specifically wanted to keep safe** such as **pregnant employees** were kept **away from working environments during high-risk periods**. All non-essential **events, trainings and foreign trips** were **canceled**. As work-from-home under the remote access model was sustained when necessary, rotating working model of **home-based working and in-office presence** was carried on in regional offices and branches **to the extent compelled by the course of the pandemic**. Working hours were modified in line with the decisions made by the authorities. **Flexibility** was provided in the **dress code** to allow employees to work more comfortably and to facilitate their adherence to hygiene guidelines.

**Plexiglass separators** were installed in **branches** in order to **protect the health of customers and branch employees** in contact with customers. Besides regular **disinfection** in all branches and buildings, masks, disinfectants, gloves and similar **products for ensuring hygiene** continue to be supplied on an ongoing basis to all the employees in work locations.

With the goal of giving the foreground to protect the health of its customers, employees and their families and ensuring business continuity, Garanti BBVA has been **one of the first companies to switch to location-independent working**, which was enabled by its robust digital infrastructure. The Bank was able to sustain all its activities efficiently with the help of the **agile transformation** that had been finalized prior to the pandemic, its **robust digital infrastructure** and **one team culture**. Always turning a careful ear to its employees' expectations, the Bank aimed to deliver a **sustainable best employee experience**. Combining the **productivity** of teleworking and **face-to-face communication necessary for bonding socially**, the **hybrid working model** began to be implemented successfully at the Bank. It will become a major working model in the future as well.

Combining the productivity of teleworking and face-to-face communication necessary for bonding socially, the hybrid working model began to be implemented successfully at the Bank and it will become a major working model in the future as well.

In a bid to provide the **best service quality** in business areas that saw a marked increase in customer demands during the pandemic, a fast transformation was realized thanks to Garanti BBVA's **flexible organizational structure**, and **employees' capabilities were bolstered with the necessary training programs, as emerging customer needs were resolved quickly based on an agile approach**.

## DAILY INVENTORIES TO FOLLOW UP THE HEALTH OF EMPLOYEES AND THEIR FAMILIES

Created in 2020 and actively used in 2021, the inventory, which can be easily reached through digital platforms, lets all employees to **report** illness and suspected cases for themselves and their families **on a daily basis to the Occupational Health and Safety (OHS) team**. In addition to the inventory, online platforms were established for monitoring risk situations and **taking action proactively**, and for employees to enter their HES codes and vaccination statuses to move ahead while taking advantage of the protection provided by the vaccine both for the sake of employee health and business continuity. Information and

reminders about vaccination processes were periodically shared with the employees. **Corporate Integration with the Ministry of Health was brought to completion and vaccination, isolation and PCR test data of all employees** began to be evaluated by the OHS team in order to **offer the necessary healthcare support** and to **preclude any risk of infection** at the locations. Evaluating all the data gathered continuously, the OHS Team made the necessary medical assessments and followed up employees' isolation processes. **Contact was established with all employees reporting a suspicious case within 24 hours**. Employees who are confirmed or highly suspected COVID-19 cases were **followed up closely through their recovery**. **Adherence** to the Bank's corporate policies and practices not just by Garanti BBVA employees but also by **3<sup>rd</sup> party service providers was monitored closely**.

**Infrastructures** capable of tracking the impact and course of the pandemic and of **strengthening data-driven decision-making** were developed, and regular analysis of data using the pandemic-linked **comprehensive, up-to-date database** backed **proactive action** plans. In principle, the Bank closely followed the course of the pandemic **around the world**, and its evolution **across the country**, along with certain **high-risk hinterlands**. Accordingly, **proactive measures customized for regions for the days ahead** were adopted, rather than reactive ones for today. **Ratios of office- or home-based working** were **dynamically arranged**. **Social distancing** and close contact tracking processes **in buildings** were backed by technological infrastructure and **mobile applications**, and steps were taken as necessary. In addition, available data were monitored constantly; decisions were updated as and when necessary, and needs were fulfilled with an **employee-centric flexible structure**.

COVID-19 Hotline to ensure that all employees have the quickest access to information from the most reliable sources.

## COVID-19 HOTLINE FOR EMPLOYEES

Believing in the high value of **information provision** and **transparent communication** in every step taken, Garanti BBVA keeps its employees informed about the evolution of the situation

through **regular** announcements and broadcasts. **Bringing its employees together with occupational physicians and subject matter experts** on respective fields, **as well as the senior management**, the Bank facilitates access of its employees to the most accurate and quality information needed. The COVID-19 Hotline remained in use also in 2021. The **information page created on the intranet** allowed all employees to **instantly track** the implementations and **developments**.

#### PSYCHOLOGICAL SUPPORT

Putting emphasis and dwelling also on its employees' psychological well-being, Garanti BBVA incorporated **additional psychological support service for the negative effects of the pandemic** to its existing "Employee Support Hotline" service offered since 2010. In this context, employees who feel the need benefit from the online psychological support service on this line. Additionally, **monthly interactive seminars** were organized whereby **expert psychologists** gave information about the different aspects of the pandemic to all Garanti BBVA employees. Moreover, **monthly bulletins covering suggestions** to increase the well-being of employees continued to be published in 2021.

Putting emphasis and dwelling also on its employees' psychological well-being, Garanti BBVA incorporated additional psychological support service for the negative effects of the pandemic to its existing "Employee Support Hotline" service.

Numerous training programs were designed within the scope of protection measures against COVID-19 and adjustment to the new working formats. Two training modules were offered to employees, which were titled "**Health and Safety in Home-Based Working**" and "**Ergonomics**" aimed at helping establish healthier and more secure settings at home, besides online OHS training programs.

While all efforts within this scope **helped employees feel secure**, they also constituted an element strengthening the employee-centric HR strategy of Garanti BBVA. They also guaranteed

**complete fulfillment of responsibilities** towards employees, customers, stakeholders and the society.

#### GRADUAL NORMALIZATION AND RETURN TO OFFICE

Having **remotely carried out** its tasks and services in roles allowing teleworking particularly in Head Office departments **from March 2020 until October 2021**, Garanti BBVA **achieved its targets** also in this working model.

In keeping with the increasing rate of vaccination of employees, besides the developments in the world and in Türkiye, the Bank started implementing the **new hybrid working** order in the **October-December 2021** period in line with the pandemic circumstances. With the new gradual normalization process, the maximum in-office presence in Head Office buildings was set as 40% of the capacity and employees **returned to office for two days a week** maximum.

In parallel with this transformation, the Bank initiated "**shared clean desk**" practice to adjust its offices to the new format and to use them optimally. With the **digital booking** solution developed in-house, employees began to book offices to use them.

Providing secure working environments for employees has been the Bank's top priority when preparing the offices according to prevailing conditions. To this end, the Bank reviewed office use guidelines, employee and facility services and updated and released the **Working Environment Guide**. Necessary social distancing, unconditional mask and hygiene rules remain in place in working environments and in all shared spaces according to the current circumstances.

Providing the best employee experience with digital developments and protective measures such as the integration of the Ministry of Health database and the Bank's own COVID-19 database, Garanti BBVA is **the leader bank steering the sector**.

Offering the best employee experience with digital developments such as the **integration** of the **Ministry of Health database** and **the Bank's own COVID-19 database** at building access systems in lobbies of buildings, Garanti BBVA made its employees feel and experience that the Bank stands by its employees also through this rough patch and that we are better together, while consolidating its position as **the leader bank steering the sector**.

Capable of supporting its employees' **well-being, development, and work-life balance** and of providing them with **flexible models**, Garanti BBVA will continue to capture all its learnings and experiences in working models, and to **work to bring the age of opportunity to everyone**.

Detailed information about the actions Garanti BBVA has taken to look out for its employees' well-being within the context of COVID-19 can be found in the sections titled The Best and Most Engaged Team and Data and Technology.

#### STANDING BY THE CUSTOMERS

As always, Garanti BBVA included its customers within its top priorities also in these challenging times and worked to stand by its customers and to **take the actions that will create value** for them at all times. The Bank **continued with its investments to bolster its technology** with the aim of increasing the speed and success of its current and future steps. The Bank was able to **respond to customer needs independently from location** and complete their transactions **rapidly**.

In this period, Garanti BBVA more tightly embraced its goal of **being more than a bank** for its customers and being positioned in their lives as a **solution partner**; the Bank relentlessly carried on with its surveys to **hear its customers**, and to **gain insight into their changing behaviors and needs**.

#### CUSTOM-TAILORED SOLUTIONS TO +65 CUSTOMERS

No amount limitations were applied for +65 retail customers' **cash withdrawals via order**. In addition, the rule mandating +65 customers without an ID card to collect their **cards** solely

from branches was revoked, and the practice of **card delivery by courier to their addresses** continued in 2021.

#### END-TO-END DIGITALIZATION

Garanti BBVA fully shifted the remote onboarding process that was launched on its mobile app in 2019 to its digital channels upon the regulatory change effected in the banking sector. The process named "**Contactless Onboarding Technology**" **digitalizes the processes of becoming a customer and credit card application end-to-end**, and delivers a contact-free, **easy and secure** experience for customers. Completely digitalizing the remote onboarding process, this step has been an important phase within the rapid transformation in banking triggered by the pandemic.

"Contactless Onboarding Technology" process digitalizes the processes of becoming a customer and credit card application end-to-end, and delivers a contact-free, easy and secure experience for customers.

As the pandemic persisted throughout 2021, Garanti BBVA kept furnishing **uninterrupted service** to its customers on the back of its robust technology, standing by its customers with its **rich set of more than 500 transactions on digital channels**, and offering **life-easing solutions** for them.

#### CUSTOMERS' CHOICE IN DIGITAL BANKING: GARANTİ BBVA

The pandemic-driven fast pace of digital transformation in the past two years brought about behavioral learning and a real transformation thanks to the conveniences offered by digital channels. Garanti BBVA **responded to this need at the highest extent**, by constantly reviewing both its **capabilities on the digital channels it offers and its overall service model, revising them where necessary**. Carrying on with developments on every possible platform in keeping with its **vision of being accessible by customers anywhere they need banking services**, and

converting digital channels into a setting offering **financial advisory** to customers, Garanti BBVA aims to reach the users at the right time with the right message, by strictly focusing on offering a **better experience** at all times and embracing **omni-channel strategy**.

In the period from the onset of 2020 until end-2021, the **number of digital banking customers went up from 8.5 million to 11 million**, while the **number of customers using mobile channels increased from 7.8 million to above 10.6 million**.

### PIONEERING SOLUTIONS IN CONTACTLESS TRANSACTIONS

In response to the surge in contactless transactions particularly upon the start of the pandemic and the increased frequency in customers' use of QR transactions, Garanti BBVA took the experience delivered to customers one step further with the **"Common QR"** feature.

Garanti BBVA integrated Türkiye's own national **QR code standards** announced by the Central Bank of the Republic of Türkiye in its **mobile channels, ATM and POS devices**.

Hence was launched the capability for cash withdrawal from all ATMs featuring the **TRKarekod** symbol using Garanti BBVA mobile app and from all Garanti BBVA ATMs using the mobile app of any other bank. Other features introduced on Garanti BBVA Mobile included **shopping payment, FAST** (Instant and Continuous Transfer of Funds), **intra-bank money transfer, EFT** and **account QR** capabilities aligned with the TR Karekod standard. These features allow making payments and withdrawing cash using the mobile app without carrying a physical card, and making money transfers without the need for such information as IBAN, account no. etc.

The Bank put its visionary investments and leadership in payment systems to use for **sustainable economic development** and for **contributing value to its customers** during the pandemic. "Cardless / Contactless Payment" facilities in BonusFlas kept improving. In 2021, the Bank carried on with its intense information campaign regarding **contactless shopping solutions**

such as **Payment with QR, Mobile Payment** and **GarantiPay**. To promote widespread use of payment with QR, the Bank enabled **card payments from all compatible POS devices of other banks**, besides those of Garanti BBVA. By the end of 2021, **payment from current account with QR** was introduced.

Standing by its customers during the pandemic period with its leadership in payment systems, Garanti BBVA has **doubled the number of annual contactless transactions**.

The Bank replaced POS devices used at member merchants with **contactless terminals** enabling payment without touching the POS device, and offered **PIN pad devices with contactless capability**. Garanti BBVA quickly adjusted itself to contactless transaction limits being increased to TL 350 by the Interbank Card Center (in Turkish: BKM). While the **number of annual contactless transactions doubled**, the Bank kept standing by its customers owing to its **operational excellence** prioritization. In a similar move, the Bank increased the number of QR-enabled devices to encourage payment with QR, and **payment collection from non-Bank cards** was enabled through developments on the part of the POS device in QR transactions. As a result of all these developments, **QR transactions tripled**. To facilitate customers' **shopping without leaving their homes**, the Bank cooperated with a number of **e-commerce** companies. Garanti BBVA invested in its remote payment infrastructure so that commercial activity of physical business places would not be hurt, and end users would be able to make their payments without leaving home during the pandemic, and thus launched **Collection by Code**.

Keeping its customers among its priorities in this period, as it always does, Garanti BBVA continued to **understand their changing needs and expectations** and to **offer the solutions aligned with their needs**. With its initiatives, the Bank not only keeps pace with the evolution in customer behaviors, but also

invites its customers to change and **continues to evolve together with them**.

### DEFERRALS & RESTRUCTURING

To **protect customers' financial health** in this period, the Bank offered the chance to defer and restructure the debts on its loan products. The Bank **extended the deadlines for prizes** earned in campaigns. **Credit card payment limits were increased** to facilitate spending for retail customers. **Limit increase** campaign was initiated to help **commercial credit card holders** to sustain their businesses and ease their product purchases.

The Bank also **suspended the closure** of credit cards **to cash advance** during the course of the pandemic due to non-payment of minimum payment amount three times within the year; customers were able to fulfill their cash needs with their credit cards during this period that they were financially distressed until 30 September 2021 when pandemic actions were terminated.

**Garanti BBVA stood by its customers in several respects including temporary payment difficulties of customers during the pandemic, preserving their cash assets amid the uncertainty environment, postponing their card debts while continuing to use their cards, and preventing downgrading of their credit scores,**

Garanti BBVA had provided a solution for credit cards with the **Postpone Payment** product launched on **30 March 2020**, which remained in force **until end-September 2021**. In line with the pandemic actions announced by the BRSA, the Bank presented a pandemic package for customers, which included **1/2/3-months postponement** followed by a **6-installment repayment plan**; the package was discontinued on 30 September 2021.

With its solutions offered, Garanti BBVA stood by its customers in several respects including **temporary payment difficulties** of customers during the pandemic, preserving **their cash assets**

**amid the uncertainty environment, postponing their card debts while continuing to use their cards, and preventing downgrading of their credit scores**, in addition to enhancing customer experience and increasing the trust held in the Bank.

Garanti BBVA will always continue to stand by its customers, be their solution partner, and take actions that will create value for them.

[Detailed information about the actions taken by Garanti BBVA within the scope of standing by its customers can be found in the sections titled Financial Health, Reaching More Customers, Operational Excellence and Data and Technology.](#)

# Why is Journey Important to Reach the Goal?

**Mahmut Akten**  
Executive Vice President  
Retail Banking



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.



Support

Leader in consumer, mortgage and auto loans

Journey



Financial Health

950 thousand customers started using savings products

Journey



Listening

First 24/7 social media customer satisfaction channel "Ask Garanti BBVA"

Journey



Experience

Türkiye's first AI-based smart assistant UGI offers customized solutions

Journey



# Financial Health

4,602 19 min 8 customers

Related Material Topics	Value Drivers	Indicators	2020	2021
<p><b>#3 BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b></p> <p><b>#11 FINANCIAL HEALTH AND ADVICE</b></p>	OFFER OUR CUSTOMERS SOLUTIONS AND SUGGESTIONS THAT CATER TO THEIR NEEDS SO AS TO HELP THEM ATTAIN THEIR GOALS	“Smart Transactions” that provide customers with awareness of financial management and facilitates planning and saving.	4	5
	FINANCIAL ADVISORY TO OUR CUSTOMERS TO HELP THEM MAKE THE RIGHT/HEALTHY FINANCIAL DECISIONS	The rate of interaction with the mobile banking “My Status” area, which focuses on financial health*	35%	37%
	DELIVER AN EXCELLENT CUSTOMER EXPERIENCE BY PLACING THE CUSTOMERS AT THE CENTER OF ALL OUR ACTIVITIES	Disabled-friendly Garanti BBVA ATMs	5,276	5,381
	BUILD LONG-LASTING RELATIONSHIPS WITH CUSTOMERS AND BE THEIR TRUSTED PARTNER	Customers that started using saving products	898,212	947,276
		Products or services that are changed and developed through customer feedback	27	16
		Individual Net Promoter Score** (Ranking)	#2	#2
		SME Net Promoter Score** (Ranking)	#1	#1
		Net TCR Score***	63%	62%
		Target customers surveyed	10%	20%
		Feedbacks received****	1.3 Million	3 Million
	Decrease in customer complaints*****	0.5%	27%	
	Proactive actions taken against potential situations likely to cause customer dissatisfaction	6	15	

\*Financial Health engagement rate started to be calculated as of 2020. It represents the ratio of customers who visit the mobile banking “My Status” area and interact with the “My Status” area, viewing tips, setting spending limits, opening savings target and Smart Transactions areas to active digital customers.  
 \*\* Net Promoter Score research is conducted by independent research agency Ipsos for Garanti BBVA. The competition includes İşbank, Akbank, Yapı Kredi Bank, and QNB Finansbank. Research was conducted between January and December 2021. Main bank customers, who have communicated with their respective 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 how complete and clear the customers regard the information provided by the bank. It is calculated like Net Promoter Score.  
 \*\*\*\* 2021 data cover the period from 1 January to 30 November 2021.  
 \*\*\*\*\* Refers to the decrease in the number of complaints per active 1,000 customers.



Driven in its actions by its value “Customer comes first”, Garanti BBVA takes a customer-driven approach when shaping its products and services. Underlining the Bank’s customer-centric approach, 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 **exceed their expectations**.

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

Garanti BBVA keeps working towards providing each customer with customized, timely and accurate advice in relation to Financial Health, making use of **big data and AI** to do so. In today’s world packed with conveniences in terms of **digitalization**, the Bank believes that investing in personalized customer experience has become all the more important amid the competitive environment of the banking business. To this end, Garanti BBVA takes on a much more comprehensive challenge that goes beyond basic banking products and services that evolves into providing customers with intelligent, accurate and **custom-tailored financial advice** and puts “financial health” at the epicenter of its strategy. Garanti BBVA backs its suggestion systems that help customers make the best financial decisions by smart solutions integrated with new generation payment technologies.

To help its customers easily manage and keep under **control** their **budgets**, and plan an independent and secure life in the future, Garanti BBVA offers customized smart suggestions, **information and reminders**. The Bank makes use of **advanced analytical models** to give timely and accurate advice to each customer, and **blends technology, data and customer need**,

**which it then converts into personalized suggestions**. To do so, first the customer’s finances are accurately pictured, **spending habits, financial behaviors are analyzed**, and suggestions are developed, which are **maintained constantly dynamic**.

First the customer’s finances are accurately pictured, spending habits, financial behaviors are analyzed, and suggestions are developed, which are maintained constantly dynamic.

As the pandemic endured in 2021 along with the uncertainties and hardships accompanying it, as well as the necessity to change, the hope instilled by the vaccine helped the people and the business world to keep learning to live in harmony with the requirements of the new normal.

For individuals, **protecting their physical health** and **correctly managing their expenses and savings** have been the two key areas of focus. Rapid adoption of digital technologies that started in 2020 to avoid any risk of infection continued in 2021 as well. At this point, the greatest implication for the financial services world occurred in the rush to **channels excluding face-to-face contact such as mobile applications and call centers**. Garanti BBVA **responded to this need at the highest extent**, by constantly reviewing both its capabilities in these channels and its overall **service model**, revising them where necessary. To assist the consumers in correctly managing their budgets through these hard times, the Bank **concentrated on advice** that would improve their “financial health”.

Garanti BBVA acts in keeping with the mission of **creating sustainable value for the national economy and the society** by placing its customers at the center of all its activities and makes it a top priority to improve its customers’ financial health with the aim of being **“the bank that cares for its customers and advises them”**. In its simplest terms, Garanti BBVA defines “Financial Health” as **monthly budget management, preparedness against unexpected expenses, ease-of-mind for spending money on items making life more pleasant, and awareness of opportunities to reach the future and targets dreamed of**. In this context, the

Bank offers **various customized suggestions**. Believing that **the way to living a good and comfortable life passes through financial health** in every respect, Garanti BBVA also deems it a **social responsibility** to watch for its customers' financial health. Accordingly, the Bank aims to make sure that **everyone is aware of the status of his/her financial health, and learns to monitor and analyze it**.

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, living the best experience**. 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 establish long-term and sustainable relations that are built on trust.

Keeping its **SME** customers informed about the **developments in their respective sectors** and other **matters that have implications for their business lives**, Garanti BBVA continues to support their growth.

Garanti BBVA, which provides **SME** customers with information on **developments in their sectors** and on **issues affecting their business lives**, continues to support their development. With the **SME Enterprise Magazine**, which was implemented in cooperation with the Economist Magazine, the Bank has

been sending **columns, articles and interviews** that directly concern **global and local developments**, their **financial health** to its customers for many years free of charge, and makes them available on the internet.

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.

### WHAT WE DID IN 2021

#### Developments in Customer Experience:

- In 2021, Garanti BBVA carried on with **regular surveys** to **make people's lives easier** in matters overlapping with its strategic priorities, to **support** them, and to obtain **insights** into changing trends, needs and expectations.
- Regular surveys include **experience surveys for users of digital channels and various critical products with customers in retail, SME, commercial and corporate segments** to measure its performance in fulfillment of customer expectations and reveal improvement areas, **after-service questionnaires** with customers receiving service from various channels, **brand and reputation** surveys measuring brand equity and corporate reputation dynamics, and advertising research determining **advertising performance**.

**According to the results of the Net Promoter Score study conducted with retail and SME customers, Garanti BBVA has the second highest Net Promoter Score among its peers for its retail customers and the first among its peers for SME customers.**

- While the Bank achieved a **Net TCR Score of 62%** in 2021, it had the **second highest NPS among retail customers representing its own profile and the highest one among SME customers**, in both cases **compared to its competition**, according to the results of the Net Promoter Score research.
- **Number of complaints per 1,000 customers** actively working

with Garanti BBVA kept declining in 2021. **Down by 27%** as compared to 2020, the decrease was driven by the **root cause analyses** the Bank performs regularly to prevent recurrence of customer dissatisfaction. Actions taken in this context served to **preclude 3% of situations giving rise to customer dissatisfaction**. Thanks to **15 proactive actions** taken, potential situations likely to cause customer dissatisfaction were also prevented.

- Supporting primarily customers wishing to find solutions to their problems via branches, the **smart platform "Empathy Assistant"** kept 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 37,000 issues** despite the reduced number of branch visits. The platform offers **service to employees with over 130 topics** in its content.

**Customer complaints were responded to as quickly as possible, and the resolution time was shortened by nearly 30% as compared to the previous year**

- Actions were taken in complaint handling, which took into consideration the effects of the pandemic. Accordingly, **improvements were made on channels to enable first-contact resolution of issues referred 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. Customer complaints were responded to as quickly as possible the **resolution time was shortened by nearly 30% as compared to the previous year**.

#### New service providing increased digital channel functionality to customers:

- As Garanti BBVA strongly urged its customers to use digital channels and contactless transactions on one side, it 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 **fee policy**.

- 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 supported.
- Non-users of credit cards were able to **create password** via **video call or NFC technology**.
- **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 right from the start of the relationship.
- **Having digitized the onboarding process end-to-end**, Garanti BBVA made banking easy, fast and **reliable** for its customers. Once the mobile app is downloaded, a bank account can be easily opened by following through the "Be a Customer" steps.
- Developed to respond to identified needs faster, WhatsApp/Messenger chatbot and Garanti BBVA Mobile's **smart assistant UGI** easily satisfy user needs, allow completion of the transaction within themselves, and refer the caller to the appropriate step. Thanks to the infrastructure developed and deployed in 2021, **callers are referred to written message exchange with live support assistants within the app** when needed, and **proactive suggestions** are presented to customers.
- Garanti BBVA increased product/transaction diversity in terms of **digital approval** capability, thus saving time for customers, and kept **reducing wasted paper** in parallel with its **sustainable banking** notion.
- Under the **FAST** (Instant and Continuous Transfer of Funds) system running on the CBRT (Central Bank of the Republic of Türkiye) infrastructure, customers were offered the capability to perform interbank money transfer up to TL 2,000.<sup>1</sup> **24/7** without any limitation of transacting time. Thanks to the seamless customer experience offered, Garanti BBVA commands a **top spot in market share** in incoming and outgoing FAST transactions.
- Under the **Easy Address System**, customers can **match** the IBAN data with a mobile phone, e-mail, TR ID, tax ID or passport number **through Garanti BBVA Mobile and Corporate Garanti BBVA Mobile**. For matched accounts, money transfer (FAST, EFT, intrabank transfer) takes place on Garanti BBVA's

<sup>1</sup>The relevant transaction amount limit is determined by the CBRT and is expected to increase over time.

advanced infrastructure without an IBAN or account number. During 2021, easy addresses were assigned to approximately 2 million customer accounts and this number is estimated to grow gradually.

- In 2021, daily cash deposit **limits** through **ATMs** were **increased** and the feature allowing **cash withdrawal by non-bank customers** from Garanti BBVA ATMs using **QR code** went live.

### Garanti BBVA aims to maintain its leadership in QR transactions with a 36% market share.

- In the reporting period, developments continued for QR transactions that gained increased importance in 2020, and **common QR code** was launched under the leadership of Interbank Card Center (BKM). While customers of any bank can perform transactions with QR code through Garanti BBVA ATMs, Garanti BBVA customers can **transfer money with QR through the FAST infrastructure** to customers of any bank using the mobile app, and pay for their purchases **with QR through the POS devices** of any bank from their accounts or by their credit cards. Garanti BBVA aims to retain its leadership in **QR transactions with the 36% market share** it commands.
- Customers can now view their account balances and card limits **easily and quickly** on the mobile app home page.
- Within the scope of Open Banking, corporate customers working with several banks can define **other bank accounts** on Garanti BBVA Internet and **view** the **balances and movements** of these accounts together with their Garanti BBVA accounts on a **single screen**.
- Garanti BBVA launched the development enabling companies to **digitally upload their financial data** in 2021, **undersigning a first** in this regard. SMEs and commercial companies can now upload trial balances, corporate tax returns and advance tax returns required to be submitted to branches particularly for their borrowing processes via Garanti BBVA Internet, without going to a branch.
- **Forwards transactions** can now be performed via Garanti BBVA Internet channel so that customers assigned a derivatives limit will be less affected by exchange rate fluctuations.
- "Your Subscriptions" function introduced in BonusFlas in May 2021, enables card customers to track their cards registered for digital platform subscription payments on a single

platform, suspend, resume and delete their payments, letting users check their expenses more transparently.

- Enabling addition of other bank cards to BonusFlas was intended to create an infrastructure for Open Banking, also Istanbulkart, the prepaid transportation card for Istanbul, top up is available for them besides Garanti BVVA credit and debit cards.

#### Disabled-Friendly Banking Services:

- In 2021, 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**. Delighted that **over 10 thousand employees completed the web-based Sign Language training** developed to provide better service to disabled customers, Garanti BBVA expanded its total service network to **5,401 ATMs, 5,381 disabled-friendly ATMs** in 2021, **broken down as 5,156 ATMs accessible by visually impaired individuals and 225 ATMs accessible by individuals with orthopedic and visual disabilities**.

### Garanti BBVA expanded its disabled-friendly total service network to 5,381 ATMs in 2021, broken down as 5,156 ATMs accessible by visually impaired individuals and 225 ATMs accessible by individuals with orthopedic and visual disabilities.

- Under the partnership established with BlindLook in 2021, Garanti BBVA enabled visually impaired customers to freely perform their transactions with the help of **voice instructions** through Garanti BBVA Mobile and Internet banking. Visually impaired customers can **easily** perform many transactions including **account opening, money transfers and bill payments** with the help of voice instructions **without needing anyone else's help**. This collaboration also made **Garanti BBVA a part of Blindlook's EyeBrand (in Turkish: Görme Engelsiz Marka) network**.

#### Cash Management Solutions:

- The **Secure Sales and Purchase System**, which is used in the sales and purchasing of second-hand motor vehicles and introduced in 2021 under the collaboration with the Turkish

Union of Public Notaries, was updated to allow its use by non-customer buyers. Hence, Garanti BBVA customers can finalize their transactions **securely, quickly and easily** through the Internet and mobile channels, **without taking the risk of carrying cash** for their second-hand vehicle sales.

- Under the collaboration with Logo company, work was initiated to update the **GoGaranti** application to achieve **improved user experience**, which app runs **in integration with** Garanti BBVA banking **applications** and **automatically recognizes** banking transactions in the accounting system. The revamped infrastructure will also pave the way for different collaborations, and projects will be carried out in line with the defined vision for accessing Garanti BBVA through different platforms as well.
- Aiming to develop **Cash Management** products based on its **sustainable finance** products vision so as to contribute to customers' financial health and to promote sustainability approach at the same time, Garanti BBVA authored another **first in Türkiye** and began issuing **HGS (Rapid Pass-Through) labels** for bridge and highway crossings **free of charge to owners of electric and/or hybrid vehicles** who apply to get a HGS label from the Bank.
- On another note, the Bank started making green and sustainability-related developments in products such as the Direct Debit System (DDS) and Supplier Finance System and to offer them to its customers. The first product of this initiative has been **Türkiye's first Green Direct Debit System (DDS)** introduced in partnership with **Garanti BBVA Fleet**.

#### Products and Services Protecting Customers' Financial Health and Including Them in the System:

- "My Status" section on Garanti BBVA Mobile presents data indicating customers' financial status such as earning/spending, assets/debts, cash flow, **raises awareness through personalized tips** for improving their financial health, and guides customers to **instruments** for **taking action** based on those tips. When they achieve their targets, **new tips and plans are created to keep them motivated. 37% of customers** logging into the mobile banking app **visit** the My Status section or use the financial health tools offered.
- Garanti BBVA works to offer the tips on a **real-time, personalized** and **proactive basis**. For example, in the case

of an unexpected increase in an expense item which the Bank projects to affect the customer's budget, an instant **notification** is sent and setting **spending alerts** is suggested, if necessary, for protection of the budget from future effects.

- While helping its customers better monitor their finances and gain awareness, Garanti BBVA also targets to assist them acquire **saving-up capability for the future**, as well as being **prepared against unexpected situations** and planning today. By offering new products that will facilitate it for customers to do so **easily**, the Bank extends support constantly like a **companion**.
- In this context, to help its customers save up, the Bank suggests **proactive monthly spending plans for discretionary expense categories** to its customers. Under the personalized **Saving Plan**, customers can view the suggested expenditure amounts in related categories and the savings potential, create a plan and **track** their expenses categorically. Garanti BBVA customers can view their expenses on the basis of categories under the Earnings/Spending step on the My Status page, set their saving-up items and create a spending plan.
- Garanti BBVA also minds delivering an **effortless and smart banking experience** as it helps improve its customers' financial health. The **Smart Transactions** service, introduced 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 expenses 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. With the most recently added **"Virtual Card Auto Top Up"** rule, the virtual card limit is topped up to the limit set by the customer every time they make a purchase using the virtual card.
- In 2021, Garanti BBVA **devised different financial insights** and presented action plans raising awareness, getting them ready in advance for major expenses, and steering them to save up easily and perform controlled spending. On the back

of all these initiatives, **My Status section was visited by 3.5 million customers on average per month.** Developments will continue in 2022 to take the financial health initiatives to a better level.

**In 2021, the rate of interaction with the mobile banking “My Status” area, which focuses on financial health, was 37%.**

#### Financial Advisory Services:

- In 2021, which was a **highly volatile year for financial investment instruments**, Garanti BBVA customers **needed** news flow about the busy financial markets, and **advisory** regarding their own expectations and financial positions. In response, intensive financial advisory service was offered via digital channels and branches alike **in line with the customers’ risk perceptions and market projections** regarding various topics including complete details of investment instruments and return performance. Thus, Garanti BBVA helped its customers **build on their financial literacy** and **take investment actions according to their own risk perceptions and market projections.**
- Garanti BBVA delivers many retail products through a completely **multi-channel experience.** This is best exemplified with the **general purpose loan.** While customers can initiate a general purpose loan application from a branch, they can complete the same application digitally, and approve the related documentation via the customer contact center, **enjoying an end-to-end smooth experience.**
- Furthermore, using the **Quick Loan** function, customers can learn their credit limit within seconds simply by entering their TR ID number on Garanti BBVA Internet site and instantly take out the amount from out of their allocated credit line. This function can be used not only by Garanti BBVA customers, but by anyone. Thus, anyone can find the answer to the question **“How much can I borrow?”** very quickly.
- In 2021, the Bank kept concentrating on acquiring pension customers. The referral program **“Member Get Member”** campaign has been a win-win situation both for retired customers and Garanti BBVA customers winning them for the Bank.
- In 2021, Garanti BBVA expanded its deposit customers pool

by introducing various instruments for its customers’ financial investments. In doing that, the Bank employed the best channel to contact the customers in an effort to maximize customer satisfaction. In the last quarter of December, Garanti BBVA has been **the first private bank** to add **“Currency Protected TL Deposit Account”** products to its set of special products offered besides the regular ones, which included **“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.

- Focusing on increasing return potential by taking advantage of different investment opportunities besides deposit products, Garanti BBVA expanded its range of mutual funds. With the **Broad Mutual Funds Universe**, Garanti BBVA secured active fund management.
- The **SMART Funds Family**, which serves as an evidence of the fact that Multi Asset Funds provide effective portfolio management service, got bigger with the **SMART Aggressive Fund.** On another note, **Garanti Asset Management First and Second Fund Basket Fund**, which attracted investors in the sector, were issued and began to be traded on TEFAS (Türkiye Electronic Fund Distribution Platform).
- Mutual funds investing in different themes, which were started in 2020, continued at an increasing extent in 2021. The set of thematic funds mainly investing in the capital market instruments of global sectors and highlighting different sectors and themes further grew with **Garanti Asset Management Clean Energy Variable Fund, Garanti Asset Management Agriculture and Food Sector Variable Fund, Garanti Asset Management Health Sector Variable Fund, Garanti Asset Management Blockchain Technologies Variable Fund, Garanti Asset Management Financial Services Variable Fund, Garanti Asset Management Commodity Hedge Fund, Garanti Asset Management Sustainability Equity Fund (Equity Intensive Fund), Garanti Asset Management ESG Sustainability Fund of Funds, Garanti Asset Management Trend Hedge Fund, Garanti Asset Management Tourism and Travel Sector Variable Fund.** The funds that began to be traded on TEFAS (Türkiye Electronic Fund Distribution Platform) provided a broad set of investment solutions catering to diverse needs of investors.

#### OUTLOOK

While continuing to define the new normal and build on its capabilities to adjust to it, Garanti BBVA will also keep taking steps to improve its customers’ financial health and charge ahead for sustainable growth together in 2022.

Regularly keeping an eye on customer needs and expectations and its own performance in fulfilling them through the surveys conducted, Garanti BBVA will carry on measuring experience level and generating insight in all segments.

Continuing to diversify its customer service channels due to the setting that resulted from the pandemic circumstances, Garanti BBVA will sustain its project whereby micro customers are serviced on site via mobile micro customer consultants, for which the pilot run has been completed. Digitalization of credit processes will go on at full speed, and work will be completed for digitalization of consumer loan borrowing and Overdraft Deposit Account opening of company shareholders. Salary customer and pension customer acquisition will remain as the focal point of customer base expansion in 2022.

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

In 2021, Garanti BBVA launched the pilot run of the structure predicting the reason of customer calls placed to the Customer Contact Center. The Bank rapidly and securely fulfilled the customer need and facilitated interpretation of the demand by customer agents at the same time. In 2022, the Bank targets to achieve gains that will impact call durations, along with the planned increases in the number of user customer agents and reasons for calls covered.

Financial health will remain on Garanti BBVA's agenda also in the future. The Bank's targets include furthering the level of its relationships with customers, better knowing them, contributing to their improved financial health by generating personalized and proactive suggestions, thus helping them be prepared against unexpected situations. A key goal is to enrich personalized

suggestions at every point of contact with the customers. The Bank aims to build sustainable, healthy relationships with its customers and to reach more people.

The goals of the Bank also include obtaining SMEs’ financial data on digital media or through ERP collaborations within the scope of the digital financial health advisory project, analyze these data to reveal their financial portrait and their position in the sector as compared to their competition, and offer suggestions about their financial health.

Garanti BBVA also shares detailed information about customers with the field teams in the light of financial data drawn with the new modeling and customer insight technologies from ERP systems and external sources that takes into consideration SMEs’ cash flows during the course of the year, their product usage habits, regional and sectoral variables. This lets the Bank contribute to customers’ financial cycles and suggest products that will support their financial health.

Under the ongoing project in relation to Open Banking, SMEs will be able to view member merchant movements with other banks on a single screen in 2022. Upon necessary arrangements for availability of this capability on digital channels that will take place in 2022, open banking transactions of SME customers are envisaged to expand.

Garanti BBVA stands by the SMEs at every moment of their investments in their businesses to achieve increased productivity, to furnish sustainable services, to digitalize their processes and to take place in e-commerce. The Bank contacts third party companies that offer the solutions needed by the SMEs and easily provides the facilities specific to its customers. Garanti BBVA intends to give momentum to its efforts for producing custom-tailored solutions in 2022 besides the ones mentioned above.

Aiming to develop Cash Management products based on its sustainable finance products vision so as to contribute to customers’ financial health and to promote sustainability approach at the same time, Garanti BBVA seeks to ensure substantial saving in paper consumption with its e-receipt project in progress.

# What is the Meaning of Finance Being Sustainable?

**Ebru Dildar Edin**  
Executive Vice President  
Corporate, Investment Banking  
& Global Markets



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.



**TL 60 billion total contribution to sustainable development**

Sustainability



**Contribution to 16 Sustainable Development Goals, 59 Targets**

Sustainability



**The target of becoming a carbon-neutral bank achieved 15 years earlier**

Sustainability



**100% share of renewable energy in new energy production financing since 2014**

Sustainability

# Sustainability

7,019 28 min 14 sustainable

Related Topics	Value Drivers	Indicators	2020	2021
#2 CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS	AS A LEADING BANK IN SUSTAINABILITY, TO POSITIVELY INFLUENCE CUSTOMERS, DECISION-MAKERS AND THE SECTOR, AND TO CONTINUE TO SUPPORT RAISING AWARENESS	Participation in sustainability related initiatives and memberships	27	29
		Engagement platforms	44	48
		Number of sustainability indices in which Garanti BBVA is included	10	10
		Number of Policies/Position Papers Garanti BBVA contributed	11	15
		Environmental and Social workshops and conferences	7	8
		Topics addressed/discussed in workshops and conferences	22	25
		Contribution to Sustainable Development (TL billion, cumulative)	51	60
		Number of focus areas for community investment programs	4	4
		Contribution in community investment programs (TL million)*	60	43.6
		SME initiatives (including applications and events)	5	8
#9 CLIMATE CHANGE: OPPORTUNITIES AND 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)	39,750	41,571
		Women who participated in woman entrepreneurship events and whom Garanti BBVA helped raise increased financial awareness (cumulative)	8,500	10,435
		Market share in wind power plants (WPP)	24.7%	22.5%
#11 FINANCIAL HEALTH AND ADVICE	OBSERVE CLIMATE CHANGE-RELATED RISKS AND OPPORTUNITIES; INTEGRATE THEM INTO OUR BUSINESS PROCESSES AND RISK POLICIES	Coal-related exposure of the bank's portfolio**	2.15%	2.12%
		Renewable energy projects in greenfield energy generation portfolio (in new PF commitments)	100%	100%
		Total Sustainability Funds utilized from IFIs (USD million)	1,359	1,722
#12 INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)	TO INCREASE OUR SUSTAINABLE PRODUCT RANGE THAT WE OFFER TO OUR CUSTOMER AND USE OF THESE PRODUCTS	Number of sustainable products/loan	43	50

\* Management Expenses are not included in the specified amount.  
 \*\* Since new energy generation investments are provided to 100% renewable energy projects, Scope 3 emissions monitored in this context are 0. This performance indicator has been updated this year with the coal risk indicator in the entire bank portfolio.

**Contributed Sustainable Development Goals**












Further information can be found in the [Contribution to Sustainable Development Goals and Targets](#) section.

Garanti BBVA has been working towards sustainable development focusing on combating climate change and on inclusive growth for **15 years** to support sustainability, as is one of its strategic goals. Drawing on its sector-steering **know-how and experience**, the Bank leads **sustainable development** in the market with its business model that embraces the opportunities stemming from sustainable development as well as **climate change-related risk management**. In this context, Garanti BBVA collaborates with its peers and the business world **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 Türkiye.

Garanti BBVA diversifies the 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 **worldwide pioneering applications** and **innovative financial resources** that incorporate sustainable finance criteria.

## Garanti BBVA actively contributes to 16 goals and 59 targets within the scope of Sustainable Development Goals and Targets.

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.

By focusing on responsible and sustainable development, **Garanti BBVA actively contributes to 16 goals and 59 targets within the scope of Sustainable Development Goals and Targets.**

## INTRODUCE NEW SUSTAINABLE PRACTICES THROUGH PARTNERSHIPS

For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-

level engagement with the business community, governments, policymakers, and numerous national and international organizations. In this sense, Garanti BBVA is part of **48 working groups** including the **UN Net-Zero Banking Alliance (NZBA)**, **United Nations Working Group of Principles for Responsible Banking**, **Global Compact Network Türkiye**, the **Turkish Business Council for Sustainable Development (BCSD Türkiye)**, the **Banks Association of Türkiye Financial Sector Role in Sustainable Growth Working Group** and the **Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group**, and **actively participates in or chairs 29 initiatives** in total that include numerous platforms.

You can access the initiatives supported by Garanti BBVA under the Supported Initiatives section of the Garanti BBVA Investor Relations website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

## WHAT WE DID IN 2021

In addition to following local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the **26<sup>th</sup> UN Climate Change Conference of Parties (COP26)** that was scene to the most crucial climate negotiations since the **Paris Agreement**, Garanti BBVA co-hosted the **Climate Finance Workshop** with the **Institute of International Finance (IIF)** to tackle the measures and pledges against climate change within the framework of climate finance. Held in November 2021, the Workshop featured public and private sector representatives, academicians and sector professionals who discussed the way emerging countries look at climate finance and the post-COP26 agenda. During the Workshop, many experts from international platforms and from different sectors discussed their opinions about resolutions that gained the foreground in COP26 and about **mobilization of climate finance within the Turkish economy.**

In an effort to **mobilize the local sustainable finance market**, Garanti BBVA launched the **Garanti BBVA Climate Index** in cooperation with **CDPTürkiye** and **Borsa İstanbul** in 2021. Through the Climate Index partnership, Garanti BBVA aims to encourage increased **transparency** of companies regarding **climate-related**

risks and opportunities, and to propel **sustainability-oriented investment** perception and **accountability**. Borsa İstanbul handles the calculation of the index where companies to be included are determined based on their **CDP Climate Change scores**, and ensures continuity and dissemination of index data by data distribution companies. With this partnership, as the index and index-linked funds developed, the aim is to **incentive** companies to work towards qualifying for inclusion in the index, and to **increase in awareness and public disclosures of climate change-related issues of businesses in Türkiye**.

Drawing on its knowledge and experience, Garanti BBVA actively shares the opportunities brought by sustainability with its stakeholders local and international platforms. **Ebru Dildar Edin**, Garanti BBVA Executive Vice President responsible for Corporate, Investment Banking and Global Markets, continued to serve as the **Chair of BCSD Türkiye** in 2021.

**UNEP FI Principles for Responsible Banking**, which were launched in 2016 by 30 founding members among which Garanti BBVA was **the only bank from Türkiye**, reached more than 270 signatories worldwide. The Principles for Responsible Banking, which are expected to significantly contribute to the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement objectives, focus on six main scopes: Alignment, Impact, Clients and Customers, Stakeholders, Governance and Target Setting, Transparency and Accountability.

 [UNEP FI Principles for Responsible Banking Impact Report can be found under Download Center page on Garanti BBVA 2021 Integrated Annual Report website at \[www.garantibbvafaaliyetraporu.com\]\(http://www.garantibbvafaaliyetraporu.com\).](#)

Garanti BBVA also **leads the transformation** of the sustainable finance sector in Türkiye. Within this scope, the Bank serves as the **co-leader** of **Global Compact Network Türkiye's Banking and Finance Working Group** with the aim of advancing the existing practices in the financial services sector in Türkiye. In 2017, Garanti BBVA signed the **Declaration on Sustainable Finance with 7 other banks**, which foresees assessment of environmental and social risks in loan processes in Türkiye and their integration

into relevant policies. As the co-chair of the working group and one of the first signatories of the Declaration, Garanti BBVA is also actively involved in the annual update of the Declaration on Sustainable Finance upon local and global developments. In its 2021 update, the scope and sphere of influence of the Declaration were broadened through incorporation of **innovative sustainable finance principles** as well as **consideration of environmental and social impact in credit evaluation processes**.

Leading the innovative steps Garanti BBVA has been taking in relation to sustainability within the frame of all these pioneering initiatives, Garanti BBVA **Executive Vice President responsible for Corporate, Investment Banking and Global Markets Ebru Dildar Edin** has been named **'Investment Leader of the Year'** at the **2021 Sustainable Investment Awards** hosted by **Environmental Finance**.

**Garanti BBVA was also granted the "Best Bank for Sustainable Finance in Türkiye" and "Best Investment Bank in Türkiye" awards by Global Economics in 2021.**

As a key player in Türkiye's sustainable development, Garanti BBVA was also granted the **"Best Bank for Sustainable Finance in Türkiye"** and **"Best Investment Bank in Türkiye"** awards by **Global Economics** in 2021. With **the first syndication loan obtained by any bank in the world linked to a bank's ESG criteria** in May 2020, the Bank was recognized with an award in the **"ESG/Sustainable Finance Deal of the Year"** category at the **Bonds & Loans Türkiye Awards 2021**.

## OUTLOOK

In line with its target of being a carbon-neutral continent by 2050, the European Union announced the **European Green Deal** in 2019. Incorporating binding stipulations for Türkiye that has intensive trade relationships with the European Union, the Green Deal also brings along major opportunities for **green transformation**. For harmonization with these stipulations, the **Republic of Türkiye Ministry of Trade** published the **"Green Deal Action Plan" in July 2021**. The action plan incorporates important provisions such

as **increasing Türkiye's share in international green finance and green investments, strengthening the green finance ecosystem, and supporting green transformation through sustainable, efficient resource utilization**. In the light of these regulations keenly tackled by public institutions, the Turkish financial market regulators carried out important tasks to define the green finance framework and guidelines. Taking the lead among these are **Sustainable Finance Framework** document published by the **Republic of Türkiye Ministry of Treasury and Finance**, **Draft Green Debt Instruments and Green Lease Certificate Guidelines** published by the **Capital Markets Board of Türkiye (CMB)**, and the **Sustainable Banking Strategy Plan** created by the **Banking Regulation and Supervision Agency (BRSA)** within the framework of its responsibilities set within the "Green Deal Action Plan". Garanti BBVA keeps striving to constantly upgrade its **inclusive sustainable finance products** that it has deployed across all Corporate, Commercial, SME and Retail Banking segments to **identify new opportunities, capture emerging best practices and products**, and remain as a **leader in sustainable finance and development in Türkiye**.

The **taxonomy studies** anticipated in the area of green finance in Türkiye were in the agenda of the **Sustainable Banking Workshop** held in November 2021 co-organized by **BRSA and BAT**, were also incorporated in the Sustainable Banking Strategic Plan, which is considered as a highly positive development with respect to the forthcoming regulatory framework. Garanti BBVA will sustain its activities in connection with the **public private partnerships in the Turkish banking sector**, and will continue to share its **know-how** for the creation of necessary frameworks.

## CREATING SHARED VALUE FOR ALL THROUGH IMPACT INVESTMENT

Garanti BBVA continues to work intently to provide **instruments that support the transition to a sustainable economy** by developing products and services catering to diverse needs for **low carbon and inclusive growth**. **Total financing provided so far to sustainable development** based on **impact investment** notion reached TL 60 billion at year-end 2021.

Total financing provided so far to sustainable development reached **TL 60 billion**.

**BBVA**, as the main shareholder of the Bank, **doubled** its commitment in order to secure financing for **sustainable development target** in 2021 from EUR 100 billion that declared in 2018 in parallel with its climate change and sustainable development strategy aligned with the Paris Agreement and revised it as **EUR 200 billion**. With this pledge, BBVA aims to **contribute to the joint global combat** against climate change, **encourage inclusive growth** where all segments are involved in the process, and share the benefit derived in line with its goal of bringing the age of opportunity to everyone. Likewise, **Garanti BBVA** pledges to **contribute increasing amounts of financing by 2025** in parallel with the BBVA Group's sustainable finance targets. In keeping with the BBVA's updated pledge, **Garanti BBVA added the financing target to be mobilized for sustainable finance in the premium eligibility criteria of all employees at any level, starting with the Board of Directors**. This strategic implementation encourages all employees to **integrate sustainability in their day-to-day operations** to create value in all business lines.

## SUSTAINABLE FINANCE

### BORROWINGS

With the **syndicated loan linked to sustainability criteria** utilized in 2020, which was a **first in the world**, Garanti BBVA was entitled to a **reduction in due interest** as it satisfied the performance indicators it has committed for the loan, which were **renewable energy use** and **not financing a greenfield coal-fired thermal power plant**.

Having **renewed the syndication loan** it received from international markets under its **foreign borrowing program**, Garanti BBVA signed two new loan agreements in May and November 2021. The facility in May, the syndicated loan secured from international markets under its foreign borrowing program had a **rollover ratio of 140%**. The syndicated loan deal, consisting

of two tranches of **USD 279 million** and **EUR 294 million** with a maturity of 367 days, included **34 banks from 18 countries**. In this deal, the Bank committed to provide sustainable finance in the amount of TL 1.5 billion in 2021 and to source at least 80% of its electricity consumption from renewable generation. The syndicated loan secured in November, which consisted of two tranches for **USD 365 million** and **EUR 247 million** with a maturity of 367 days, was participated by **36 banks from 20 countries**. Under this deal, Garanti BBVA took on more challenging targets and **committed to augment its sustainable finance volume of TL 1.5 billion from year-end 2021 to TL 2 billion by August 2022 and to obtain I-REC certification by sourcing the entirety of its electricity consumption from renewable generation**. With these loans rolled over in 2021 upon the Bank's fulfillment of its commitments made in 2020, Garanti BBVA once again demonstrated the **trust held by the international markets in the Bank's performance**, as well as its successful initiatives concerning sustainability.

#### MUTUAL AND PENSION FUNDS

In the period of sustainable investments gaining great importance, **3 mutual funds public offering under sustainability theme** took place under **Garanti BBVA Asset Management** in 2021. Total worth of **Garanti AM Clean energy Variable Fund, Garanti AM Sustainability Equity Fund and Garanti AM ESG Sustainability Fund Basket Fund** reached **TL 445 million** at year-end.

#### Garanti Pension Sustainability Equity Fund ranked among the top 10 performers in terms of returns in the sector.

**Garanti Pension's Sustainability Equity Fund** was worth **TL 648 million** as at end-2021 and made up **35% of Garanti Pension Equity Funds**. Garanti Pension Sustainability Equity Fund ranked **among the top 10 performers in terms of returns in the sector**, and kept building up participants' savings.

#### PRODUCTS AND SERVICES

Despite the continued effect of the pandemic upon the markets, Garanti BBVA kept **guiding the market** by enhancing its sustainable products and services in 2021.

#### Garanti BBVA realized the first Green Public Offering in Türkiye in the field of sustainable finance with Galata Wind.

In this period of increased expectations regarding sustainability in the investor world in the wake of the Covid-19 pandemic, Garanti BBVA presented yet another **first in Türkiye** in sustainable finance and realized the **first Green Public Offering with Galata Wind**. In addition to the sustainability rating audit received from an international rating agency for the IPO process, **environmental and social commitments** were added to the prospectus submitted to the CMB. Placed in the "Robust" category as a result of the **ESG evaluation** at the commencement of the IPO, Galata Wind pledged on an international level that it will **never invest in fossil resources but only in renewables**, achieve **net-zero operational carbon emissions by end-2025**, have its **carbon emissions reduction verified** and its **carbon credits approved** until the expiry of Gold Standard and VCS (Verified Carbon Standard) deadlines, bring the **ratio of women in head office executive positions above 30% within two years**, and has fulfilled its commitment to have **at least one woman member on its board of directors** in 2021.

#### Garanti BBVA launched the Garanti BBVA Climate Index for increased awareness and transparency regarding companies' climate-related performances.

In an effort to **stir to action the local market given the ESG trends in global markets**, Garanti BBVA launched the **Garanti BBVA Climate Index** for increased **awareness and transparency** regarding companies' **climate-related performances**. Putting the spotlight on companies displaying a high performance in **CDP (Carbon Disclosure Project) Climate Change reporting** to which companies traded on Borsa İstanbul respond with respect to the **fight against climate change**, the index measures the price and return performance of the **portfolio consisting of the stocks of companies that transparently declare their risks and opportunities regarding climate change** according to the CDP methodology. With its calculation method, selection criteria,

and other rules advised by Borsa İstanbul, the index includes companies listed on Borsa İstanbul whose **most recent score is B- or higher** according to the CDP Climate Change report. An additional requirement is that stocks of companies included in the index must have **averaged a minimum daily trading volume of TL 10 million** in the past 6-month period. The index is updated annually, and the weight of stocks included in the index is determined according to the market value of shares in actual circulation, and the **liquidity rule** is applied in the selection process. The climate index is intended to drive significant progress in the **preference** of index companies by investors in the medium long term and **increase their brand equity**. Having **outperformed the BIST National Index by 11.2%, and the BIST100 index by 6.4% and matched BIST30 index** from its inception on Borsa İstanbul until year-end 2021, Garanti BBVA Climate Index has performed successfully quickly on the stock exchange.

Garanti BBVA keeps helping the business world **contribute to gender equality** with its **Gender Loan** product that is introduced as the **world's first** in 2019. In 2021, the Bank signed a new Gender Loan with a leading chemicals company for the amount of **USD 33 million**. For this facility, **gender equality criteria** set by the Sustainable Finance Team are **evaluated periodically by a third party**.

A key development in the sustainable finance products in 2021 occurred in **sustainability-linked loan structures**. Their customizable flexible structures allow the generation of more concrete effects as **sustainability is integrated into the decision-making mechanism** and **strategic priorities are considered**. Under the **sustainability-linked loan structure**, the Bank provided **TL 200 million financing** at year-end 2021. In the period ahead, Garanti BBVA will keep an eye on the **evolving market dynamics** and necessary **green transformation indicators** for sectors, and keep offering **sustainability-linked advantages** to all its corporate customers in the **new loan structures to be established**.

To support **an increased prevalence of hybrid and electric vehicles within the fleets of institutionalized companies** in Türkiye, Garanti BBVA introduced the **Corporate Green Auto Loan** product for companies in 2021. With the Corporate Green

Auto Loan that is **the first of its kind in Türkiye**, the Bank intends to **lead the companies' transition to more efficient hybrid and electric vehicles at advantageous low rates** on the one hand, while contributing to the world's future by **encouraging replenishment of fleets with environment-friendly vehicles** on the other. **Total lending** reached **TL 340 million** as of year-end 2021.

Corporate Green Auto Loan was made available to companies in 2021. Total lending reached **TL 340 million** as of year-end 2021.

Garanti BBVA recognizes the need to raise awareness of **green transformation within the society** aside from the corporate segment and keeps developing **products and services that touch all aspects of sustainability** for the customers in all segments. In 2021, Garanti BBVA launched two new shopping loans set up to **propagate awareness of renewable energy and efficient energy consumption** for retail customers. Customers can quickly get a loan at **advantageous interest rates** with Türkiye's first **Retail Rooftop Solar Power System (SPS) Shopping Loan** for making use of solar power in their buildings and **Environment-Friendly Building Insulation Loan** for supporting efficient energy consumption in buildings and promote insulation investment. With these formats, Garanti BBVA seeks to **support Türkiye's transition to a low-carbon economy**.

Disbursements under the **Green Mortgage** product launched in 2017 to encourage living in green and environment-friendly buildings totaled **TL 552 million** in 2021.

Total lending within the scope of **Environmentally-Friendly Auto Loan** launched in May 2017 for the **financing of hybrid and electric automobiles** that provide fuel efficiency and stand out with their environmental features exceeding TL 39 million in 2021. Within this context, in the reporting year, Garanti BBVA's climate finance contribution, which was verified by a third party independent audit, amounted to TL 6 billion.



Agriculture takes one of the top spots among the sectors that will **take the most devastating blow from climate change** according to the European Environment Agency and making one of the main headings for which actions are planned in the **European Green Deal**. The **agricultural** industry acquired an ever-growing **role in the Turkish economy and community employment**, besides its significance with respect to the global hunger crisis. Recognizing this fact, especially for SMEs Garanti BBVA keeps standing by agricultural establishments during production and post-production periods with the financial products it develops to **promote industrialization in agriculture and modern and sustainable agriculture** in Türkiye. The Bank provides financing to the SMEs, first and foremost for **replenishment of modern irrigation equipment and construction of greenhouses**. The Bank targets to be an institution that does not solely establish a credit line for agricultural establishments and farmers, but to be a **solution partner that fulfills their needs in the sector, offers suggestions and advisory service**. The Bank continues to support the agricultural sector by diversifying its practices designed to meet the needs of establishments employing alternative agricultural production techniques such as **Good Agricultural Practices and Organic Farming** that gained prevalence particularly in recent years, such as the Alternative Production Techniques Loan and the TMO (Turkish Grain Board) Card, as well as **Crop and Livestock Loans, Agricultural Machinery and Equipment Loan, and SME Retirement Plan for Farmers**.

Garanti BBVA keeps standing by agricultural establishments during production and post-production periods with the financial products it develops to promote industrialization in agriculture and modern and sustainable agriculture in Türkiye.

Also in the upcoming period, Garanti BBVA intends to make its **know-how** concerning sustainable finance available to all customer segments, and sustain its **support to Türkiye's green transformation with loan structures** that address sustainability in all aspects.

## FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

Taking its pioneering position in renewable energy finance one step further, Garanti BBVA **authored another sector-steering first in Türkiye** and **declared its pledge of coal phase-out** in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that **it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest**. Being the **first bank to declare this commitment in Türkiye**, Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision.

### Garanti BBVA became the first bank in Türkiye to announce its commitment to phase out coal.

Garanti BBVA took another crucial step in the Turkish banking sector in line with its **undertakings to combat climate change** and joined the **United Nations Net-Zero Banking Alliance (NZBA)** launched in April 2021. The Bank has been the **first and only Turkish signatory** to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. The UN-convened alliance of banks worldwide, NZBA brings together 98 banks representing 43% of global banking assets and committed to **aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner**.

### The Bank has been the first and only Turkish signatory to the NZBA.

Garanti BBVA keeps working towards **managing its risks and emissions arising from its portfolio** in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the **PACTA (Paris Agreement Capital Transition Assessment)** pilot phase along with BBVA Group to **measure climate risks and to encourage its customers for going green**. PACTA represents an **approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society**. With the PACTA methodology, the Bank aims to set **guiding targets** for its customers in their

transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. It is among the short-term targets of Garanti BBVA to **announce its 2030 interim targets and establish strategies regarding the financing of carbon-intensive industries** within the scope of PACTA.

As a member of NZBA, Garanti BBVA makes the following commitments:

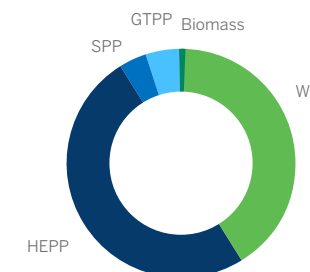
- Align its portfolio with the net-zero emissions target by 2050.
- Set 2030 and 2050 emissions targets on the basis of interim targets that will be set every 5 years starting from 2030.
- Focus its 2030 targets on carbon-intensive industries on which the Bank might have the most significant influence.
- Set sector-wide goals for all or majority of carbon-intensive industries.
- Encourage customers' transition processes or transition to net-zero economy through decarbonization.
- Annually report its emissions in parallel with the best practices and its progress against its transition strategy encompassing climate-related sector-specific policies.

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. With this Action Plan, the Bank also pledged that **a minimum of 60% of the total funds allocated to greenfield energy generation facilities** would be allocated to **renewable investments**. In 2021, this ratio was far exceeded as it reached **100%** similarly to previous years. By the end of 2021, the percentage of **green assets to Project and Acquisition Finance loan portfolio is 24%** which corresponds to a total volume of **USD 2 billion**. The **percentage of green assets** to the loans granted for **electricity generation** purposes in the Project and Acquisition Finance portfolio is **67%**; while

the **percentage of green assets** to the loans granted for infrastructure projects such as **energy, highway, airport, port and health campus** project, is **33%**. Garanti BBVA **retains the market leader position with 22.5% market share** in **Türkiye's operational installed wind power**. The cumulative amount of financing provided for renewable energy investments has exceeded USD 6 billion. Financing **100% renewable energy** in **greenfield electricity generation projects** in its PF commitments since 2014, the total percentage of **coal related exposure** to the Bank's entire portfolio is **2%**.

In 2021, **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 **8.48 million tCO<sub>2</sub>e** based on the current average grid emission factor for Türkiye.

### Distribution of the financing provided as at 31 December 2021:



**USD 2.79 billion** to **Wind Power Projects (WPP)** for **2,810 MW** current installed capacity, which will reach a total installed capacity of **2,907 MW** once fully operational,

**USD 2.48 billion** to **Hydropower Projects (HEPP)** for **3,677 MW** current installed capacity, which are fully operational,

**USD 263 million** to **Geothermal Power Plant Projects (GTPP)**, which will have a total installed capacity of **337 MW** once fully operational,

**USD 396 million** to **Solar Energy Projects (SPP)**, which will have a total installed capacity of **575 MW** once fully operational,

**USD 124 million** to **Biomass to Energy Projects**, which will have a total installed capacity of **134 MW** once fully operational.

## ENVIRONMENTAL IMPACT OF OUR OPERATIONS

Offering **innovative solutions** to environmental issues to its stakeholders as part of its indirect impact, Garanti BBVA continues to take **environmentally-friendly pioneering steps** for its direct impact as well. In 2020, Garanti BBVA announced its carbon emissions reduction goal based on **Science-Based Targets** methodology in line with the Paris Agreement's goal to limit temperature rise to 1.5 degrees and has been **the first company** to declare such a target in Türkiye. Accordingly, Garanti BBVA pledges to reduce its **carbon emissions** by **29% by 2025 and 71% by 2035**. Having **reduced its emissions arising from its operations by 75%** at the end-2020, the Bank purchased **carbon credit** for its remaining emissions and became **carbon-neutral 15 years earlier than its reduction target**.

## Garanti BBVA became a carbon-neutral bank for the second time in 2021.

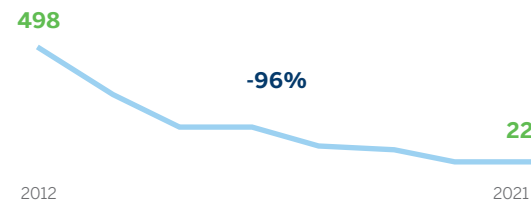
Garanti BBVA purchased carbon credit for the emissions arising from its operations also in 2021 and became a **carbon-neutral bank for the second time**. The Bank took its carbon-neutral stance one step further and procured its carbon credit from the deforestation project that is gaining the foreground in the global carbon market. It has also endorsed its carbon-neutral stance by obtaining the **I-REC certification** verifying that the **energy consumption is sourced from renewables**. During 2021, **870 Garanti BBVA branches and 56 buildings met all of their 87 GWh electricity needs from renewable energy**. Thus, **39.832 tCO<sub>2</sub> equivalent emissions were avoided** which corresponds to the carbon sink capacity of roughly **2,5 million trees**.

In May 2021, Garanti BBVA set up the **Remote Eye System** for **limiting electricity consumption** at **100 locations** through infrastructure monitoring and control. The system that went into operation saved **15%** in the electricity consumption of the Bank's sites as compared with the corresponding months in 2020.

The Bank has secured a significant reduction in carbon intensity over the years as a result of long-standing efforts in relation to the carbon footprint. Since the introduction of the ISO 14001

Environmental Management System in 2012, the Bank's **carbon intensity decreased by 96%**.

### Carbon Intensity (tCO<sub>2</sub>e/Total Assets)



In 2021, Garanti BBVA released the **Eco-Efficiency Plan** covering **climate-change-related goals**. The plan includes goals for renewable energy consumption and reduction of water consumption. The Bank targets to source **at least 80% of its energy consumption from renewables, and to reduce water consumption per square meter each year between 2021 and 2025**.

You can access the Garanti BBVA Eco-Efficiency Plan under the Environmental, Social and Governance section of the Investor Relations website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

You can access the Environmental Performance Indicators appendix, which includes information on resource consumption and carbon emissions based on years, from the Download Center page of the 2021 Integrated Annual Report website at [www.garantibbvafaaliyetraporu.com](http://www.garantibbvafaaliyetraporu.com).

In 2019, Zincirlikuyu Head Office building earned a **Platinum certificate in LEED**, one of the green building systems developed by the **American Council of Green Buildings (USBGC)**, thus becoming the first bank to have received such recognition in Türkiye. Garanti BBVA **Kızılay Branch** is the **only bank building holding Platinum certificate in New Buildings category**. In addition, **Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building** all have **LEED Gold certifications**.

Garanti BBVA has announced its concrete goal in 2021 within the scope of the **Business Initiative for Plastic** led by BCSĐ Türkiye, Global Compact Network Türkiye and Turkish Industry and

Business Association (TUSİAD) that it has become a signatory of in 2019. With its declared commitment for **318.6 tonnes of plastic reduction and avoidance by 2023**, the Bank tangibly pledged its support to the business world's fight against plastic pollution.

Garanti BBVA will keep further developing its **environmentally-sensitive and pioneering initiatives** over the coming years, and continue to **contribute to social and environmental benefit**.

## AN OVERVIEW OF GARANTİ BBVA'S PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

With 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 sustainable international funds. Undertaking issuances involving a number of Türkiye's firsts such as Social Bond, Green Bond, Green Mortgage on the basis of its collaborations with many financial institutions including the European Bank for Reconstruction and Development (EBRD), and International Finance Corporation (IFC), a member of the World Bank Group, Garanti BBVA devises innovative financing solutions that contribute to sustainable development, offers opportunities to its customers and supports the country's growth.

You can access the studies carried out by Garanti BBVA in 2021 within the concept of Partnerships with Financial Institutions on the investor relations website.

## COMMUNITY INVESTMENT PROGRAMS

### QUALITY EDUCATION

The **Teachers Academy Foundation (ÖRAV)**, established by Garanti BBVA in 2008, has been working to ensure that teachers are given the value they deserve in the society as practitioners of a profession requiring **specific knowledge, skills and attitude**. The Foundation designs and spreads **training programs** and continues to organize **workshops and seminars** for the development of teachers. **eKampüs**, which is ÖRAV's **remote learning platform** is regularly updated and enriched with new contents.

Launched in 2017 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, **5 Pebbles: Social and Financial Leadership Program** contributes to primary and secondary school teachers' social and financial literacy knowledge and helps them teach these skills to their students with the help of employing a **child-centered approach and active learning methods**.

**Teachers without Distance web seminar series** continues to take place, by which the Teachers Academy Foundation supports the teachers in acquiring the necessary skills and capabilities to handle the **remote and blended education** process as effectively as possible.

Aside from those, 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 is intended to **scout and train the 12 Giant Men and Pixies of the Court of the future**.

### CULTURE AND ARTS

Founded by Garanti BBVA to provide a **sustainable setting for cultural research and production** in Türkiye, **SALT** operates with the notion of being a worldwide cultural institution in tune with the necessities of the twenty-first century. Functioning as an **open source** with content that raises awareness on social issues, **SALT** develops programs that **encourage qualified knowledge production**. The institution contributes to the public memory of Türkiye and its nearby geography through **versatile archive and research** projects.

SALT's screening program titled "Is this our last chance?" urges thinking and discussions about the **climate and ecological crisis** is sponsored by Garanti BBVA since 2015. Broadcasted **online with subtitles and accessible from all over Türkiye**, the program was accompanied by **a series of talks** in 2021. Featuring **leading scientists in their respective disciplines**, the talks tackled a wide variety of topics with a focus on climate crisis.

As the main sponsor of **Istanbul Jazz Festival** for 24 years, Garanti BBVA has been supporting the leading music venues in İstanbul under the name of “**Garanti BBVA Concerts**” and “**Garanti BBVA ile Sesini Aç**” projects.

## ENVIRONMENT

In 2021, Garanti BBVA, in collaboration with the **Turkish Marine Environment Protection Association / TURMEPA**, launched the **Blue Breath Project** (in Turkish: Mavi Nefes) to work on **waste cleaning on the surface of Sea of Marmara** and to organize an awareness increasing education programs regarding sea cleaning that will be spread to other provinces in the region. Within the scope of the Project, **two sea sweepers will clean the İstanbul Strait** are also dispatched to other locations for **mucilage and solid waste cleaning** in case of emergencies. On the other hand, the **Blue Breath Education Bus** is set on the road in addition to online education sessions. The Bus' first station was **Kocaeli**, then it stayed one week each in **Beykoz** and **Üsküdar** districts of **İstanbul** and in **Bursa**.

**The Blue Breath Project, implemented in cooperation with Garanti BBVA, Turkish Marine Environment Protection Association / TURMEPA, cleans sea pollution with 2 sea sweepers, creates awareness with online trainings and the Mavi Nefes Training Bus.**

On another note, Garanti BBVA has been the **main sponsor** of **WWF-Türkiye** (World Wide Fund for Nature-Türkiye) for **30 years**. The Bank also supports the **Earth Hour movement** organized by the WWF every year in order to highlight the world's environmental problems.

In addition, Garanti BBVA is the **main sponsor** of **CDP Türkiye** as well.

## ENTREPRENEURSHIP

Detailed information on Entrepreneurship, one of the priority areas within the framework of social investment programs strategy, is shared under the title of Inclusive Growth.

## WHAT WE DID IN 2021

During 2021, the **Teachers Academy Foundation (ÖRAV)** reached **30.971 teachers**.

In 2021, the **5 Pebbles: Social and Financial Leadership Program** reached **564 teachers and 9.000 students**.

**Teachers Without Distances** web seminars series reached **13.786 teachers** in 2021.

In the reporting period, all **SALT** locations welcomed **117.342 people free of charge**, while **11.689 people** attended the **online events**. While **saltonline.org** that features all research and programs of SALT in detail was visited **469.452 times in 2021**, **saltresearch.org** was visited **100.617 times** and archives.**saltresearch.org** **198.457 times**. **6.338 viewers** followed the **live streaming of “Is this our last chance?”** screening program and talks.

The total budget Garanti BBVA allocated to its community investment programs in 2021:  
**TL 43.6 million**

Within the scope of the **Blue Breath Project**, the sea sweeper collected approximately **10 thousand kilograms of waste**. So far, online training sessions reached **10.238 students and 627 teachers**. **Blue Breath Training Bus** hosted **901 students and 72 teachers** in a one-month period.

In 2021, **Pixies of the Court** represented our country in the qualification round and in the main draw of **2021 FIBA Women's EuroBasket**, and **12 Giant Men** competed in the qualification rounds of the **Olympic Games** and **2023 FIBA Basketball World Cup**. **12 Brave Hearts** took part in **Tokyo 2020 Paralympic Games** and **European Championship**, while **12 Magical Wrists** competed in the **European Championship**.

The total budget Garanti BBVA allocated to its **community investment programs** in 2021 amounted to **TL 43.6 million.\***

\* Administrative Expenses are not included in the specified amount.

## OUTLOOK

Garanti BBVA aims to develop its community investment programs in a format that produces **high social impact** and **reach broader audiences**. In 2022, the Bank will continue to make investments focused on its priority areas within BBVA's **Community Investment Programs Strategy**, namely **Reduced Inequalities and Supporting Entrepreneurship, Presenting Opportunities for Everyone Through Education, and Supporting Research and Culture Initiatives**.

## SUPPORTING CUSTOMERS TO GROW THEIR BUSINESSES SUSTAINABLY

Garanti BBVA addresses its sustainability strategy under two main headings: **environment and inclusive growth**.

## WHAT WE DID IN 2021

### Environment-Oriented Products and Services

The Bank furnished **comprehensive products** and services to its **SME** customers under the environment heading.

Garanti BBVA provided financing support to SMEs to help them reach one of their key inputs, i.e. **energy** that is **sourced from renewables**. Accordingly, the Bank supported the **financing of solar energy projects (SPP), hydropower projects (HPP), geothermal power plant projects (GTPP), wind power projects (WPP) and Biomass/Biogas plants** in every sector, in particular **all areas of manufacturing from agriculture to industry**.

The Bank took part in the financing of its customers from any sector for **wastewater treatment facility** investments, an important part of the fight against environmental pollution. The Bank offers opportunities for **collaborations with startups producing innovative solutions in this field**, in addition to the financial support extended to customers. For instance, the Bank introduced the **environment-friendly solutions** developed by **Geneon Biotechnology** company, which was named **Türkiye's promising woman entrepreneur** in 2021.

Extending continued support to Türkiye's fight against climate change with **innovative solutions** in **sustainable finance**, Garanti BBVA introduced the **Green Commercial Loan** for developers of buildings holding an **energy identity certification**. Property developers **possessing class A or B energy identity certification** can benefit from this product at **affordable interest rates, without paying any fees and commissions**. People, who buying the housing units built by developers and holding a Class A or B energy identity certification, can utilize the **Green Mortgage** loan at advantageous terms since 2017.

Garanti BBVA targets to assign the **Green DDS (Direct Debit System)** product to companies having a **dealer network**, which are determined to be **green** in their operations, and to **positively contribute to the financing of companies that support sustainability** with yearly **advantageous commission rates**.

Garanti BBVA continues to support the agriculture sector most affected by climate change. In order to minimize this effect, the bank provides financing to SMEs operating in the sector for the renewal of modern irrigation equipment and the installation of greenhouses.

### Inclusive Growth

Garanti BBVA has long been addressing **entrepreneurs** as an **individual customer group** within the frame of **inclusive growth** that makes the other main heading of its sustainability strategy.

The Bank attaches great importance to **entrepreneurship as a strategic priority**, and has long been owning this topic within a holistic framework. The Bank authors initiatives **backed with specific products and services** on various platforms ranging from **women entrepreneurship** to **impact entrepreneurship** and **technology startups** that take place among the key players driving economic growth.

It is the top goal of the Bank to create **collaboration opportunities** with startups for **healthy growth** of the entrepreneurial ecosystem and for driving the **expansion of the startup culture** in our country.

Garanti BBVA Partners Startup Acceleration Program supported 50 entrepreneurs in 7 years, the investment received by entrepreneurs exceeded **TL 30 million**.

Launched in this framework in 2015, **Garanti BBVA Partners Accelerator Program** is a valuable program under which the Bank supports **early startups** that act as a **driving force** for the economy and **create high added value**. Garanti BBVA helps the entrepreneurial ecosystem in Türkiye flourish, and aims to support and accelerate early startups with the **potential to attract investment and grow**. Under the program that extends support to **50 startups** in total, the Bank **hosted 6 startups** in 2021. The Bank provides **networking and collaboration** support to startups, as well as **office space, mentoring, scaling up, marketing and training** support. **Total amount of investments** granted to startups exceeded **TL 30 million**.

Additionally, Garanti BBVA **prioritizes and supports partnerships that will contribute to customer experience** within the scope of its sustainability strategy. The startups that the Bank initiated partnership with in 2021 are **ecording, Massive Energy and MallIQ**.

In a bid to drive the development of the startup universe and dynamics and to **stand by startups**, to **speak the same language** with, and **understand**, entrepreneurs, a brand new service model was created under the name **"Tech-Startups Service Model"**. The Bank aims to **contribute to the entrepreneurial ecosystem**, understand them and **fulfill their needs** by the **service model specially designed for its "startup" customers**. Currently in pilot run, the service model is targeted to gradually **encompass all customers in 2022**.

## SUPPORTING WOMEN ENTREPRENEURS

Since 2006, Garanti BBVA has relentlessly supported 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 grow faster and more efficiently. **Commitment to gender equality** means ensuring development in a way that it is beneficial for everyone.

Garanti BBVA celebrated the **15<sup>th</sup> year of its holistic and uninterrupted support to women entrepreneurs** making an important component of its **financial and non-financial inclusive support**, which is compiled under 4 headings: **providing finance, education, encouragement and access to new markets**.

The **amount of TL cash loans** provided under financing support to women entrepreneurs, categorized as a special customer group, topped **TL 11 billion** by the end of 2021 in all segments combined. Within the frame of the foreign borrowing program, Garanti BBVA, in cooperation with the **World Bank-member IFC (International Finance Group)**, 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 2021.

TL cash loan amount provided to female entrepreneur customers exceeded **TL 11 billion** in all segments.

Besides financing, the Bank provides **entrepreneurship training to more than 3,500 women entrepreneurs** through **Women Entrepreneurs Executive School** within the scope of education support and help them develop business opportunities by creating ecosystems that enable **knowledge** and **experience** sharing. The **SROI (Social Return on Investment) value** of the Women Entrepreneurs Executive School project held in a **different city each year** is estimated as **5**.

**Total applications to Türkiye's Woman Entrepreneur Competition** that **helps encourage women entrepreneurs** and **unveil role models** approached **42 thousand** in 2021 that marked the organization's **15<sup>th</sup> year**.

**42 thousand women applied to Türkiye's Women Entrepreneurs Competition, organized to strengthen women entrepreneurs and celebrates its 15<sup>th</sup> anniversary, and 10,435 women participated in Women Entrepreneur Meetings.**

With the **Women Entrepreneurs Meetings**, which attracted the participation of **10,435** 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 once again **on digital platforms** this year have been instrumental in **experience sharing with a higher number of women entrepreneurs**.

In addition to these initiatives, the Bank consolidates its support to women entrepreneurs with **partnerships**. Under the partnership with **Hepsiburada**, women entrepreneurs using this leading e-commerce platform for their sales and their Garanti BBVA accounts for receiving their payments can benefit from a number of opportunities Garanti BBVA designed for them, ranging from **loans at convenient terms to salary payment advantages**.

In the 15<sup>th</sup> year of its holistic initiatives focused on women entrepreneurship within the scope of its **sustainability strategy focused on environment and inclusive growth**, Garanti BBVA carried out **100 thousand seed ball shootings** for women entrepreneurs with **ecording, a Garanti BBVA Partners Accelerator Program** startup.

Additionally, the Bank **partnered** with **Blindlook** and **GeneOn**, two **winners of Türkiye's Woman Entrepreneur Competition**, in initiatives directly contributing to customer experience in **enabled banking** and **environment** areas.

## OUTLOOK

Garanti BBVA will keep sharing 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 Türkiye, **sustainable financing products** that support **equal opportunities** to women and men employees in companies, **digitalization, transparency** and the new trends in **non-financial reporting**.

Garanti BBVA aims to quickly adapt to the comprehensive changes envisaged by the European Green Deal, which will become one of the important issues for SMEs in the upcoming period, and to turn the risks that may be faced into opportunities.

While carrying on with the development of products and services giving the foreground to **financial health of SMEs**, the Bank will sustain its **financing and non-financing support focused on environment and inclusive growth to SMEs, women entrepreneurs and startups**.

The Bank's partnerships related to sustainability with companies from various sectors will continue **increasingly in 2022**.

# How is Digitalization Transferred on Experience?

**Işıl Akdemir Evlioğlu**  
Executive Vice President  
Client Solutions



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

## Efficiency

**97.7% share of digital channels in non-cash financial transactions (retail)**

Vertical text: Digitalization

## Transformation

**780 million annual transactions through internet and mobile banking channels**

Vertical text: Digitalization

## Convenience

**Set of more than 500 functions on mobile banking**

Vertical text: Digitalization

## Support

**Employee chatbots Bilge and Kobilge answered 484 thousand questions**

Vertical text: Digitalization

# Reaching More Customers

5,644 23 min 10 customers

Material Topics	Value Drivers	Indicators	2020	2021
<b>BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b>  <b>EASY, FAST &amp; DIY</b>	BE WHEREVER OUR CUSTOMER ARE, EFFECTIVELY USE NEW CHANNELS SUCH AS DIGITAL ONBOARDING AND PARTNERSHIPS  EXPAND OUR CUSTOMER BASE AND DEEPEN OUR CUSTOMERS' RELATIONS WITH OUR BANK  GROW IN AREAS OF FOCUS WHILE KEEPING AN EYE ON RISK AND COST	Customers*	18.8 million	<b>20.3 million</b>
		Digital Banking Customers	9.6 million	<b>11 million</b>
		Mobile Banking Customers	9.1 million	<b>10.6 million</b>
		Yearly Transactions Performed through Internet and Mobile Banking Channels	580 million	<b>780 million</b>
		Number of Garanti BBVA Logins	2 billion	<b>2,7 billion</b>
		% of Active Digital Customers	79.2%	<b>83%</b>
		Branches*	894	<b>872</b>
		ATMs*	5,309	<b>5,401</b>
		Number of Cardless Transactions via Garanti BBVA ATMs**	59 million	<b>82 million</b>
		Market share in transactions performed with QR***	34%	<b>36%</b>
		POS Terminals	684,896	<b>700,616</b>
		Number of Member Merchants	406,258	<b>432,143</b>
Credit Cards	10,308,368	<b>10,992,736</b>		

\* The data do not include companies subject to consolidation.

\*\*Performance indicators for cardless transactions passing through Garanti BBVA ATMs will continue to be made only with the number of transactions within the scope of improving data and performance tracking.

\*\*\* The indicator has been changed to market share within the scope of improving data and performance tracking.

## Contributed Sustainable Development Goals



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 an **exclusively 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 an **effortless, 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 product, 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 touchpoint and **establishes a true bond of trust**.

Garanti BBVA keeps developing solutions for its customers to deliver an **omni-channel banking** experience. With the mobile application, the Bank lets its customers transact **without needing any assistance** thanks to the **effortless, simple experience**

offered. At any point customers need assistance, solutions are presented using the appropriate technology via such services as **chatbots, video calls** and the like, and the Bank **stands by its customers**. Developed to **respond faster** to identified needs, **WhatsApp chatbot and the smart assistant UGI** experience continue to provide answers easily according to the changing needs of users and the current day. Garanti BBVA Corporate WhatsApp line, which runs on AI-based smart bot technology, can be reached 24/7 by saving the phone number **+90 444 0 333** or from the **"Contact Us"** page on Garanti BBVA Mobile. Facebook Messenger chatbot offers a **stronger understanding capacity** with its new infrastructure.

While furnishing all these services, Garanti BBVA recognizes the importance of adding the **human touch** wherever needed. The Bank offers solutions allowing users to **receive customer representative support without logging out of Mobile** when additional support is needed while talking to the virtual assistant. Hence, the Bank is working towards making Garanti BBVA Mobile the main center of customer experience. Put into use for all customers with the guidance provided by Garanti BBVA Mobile's smart assistant UGI, **Live Chat** channel lets customers receive banking support and perform their transactions within the mobile app by reaching **live support assistants from within the mobile app**.

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. Products and services are described also on social network platforms, which contributes to business results. Through contents in **financial and digital literacy, creative initiatives** are introduced that are **intended to make customers' lives easier**, which are at the same time aligned with the entertaining and dynamic nature of social networks.

While **social platforms had 7.6% share within total complaints** received by the Bank in 2015, this ratio is around **16%** today. **Rapid responses** provided to customer suggestions, comments and complaints contribute to **customer satisfaction**.

Considering the number of social media outlets it receives, Garanti BBVA is in the position of the most comprehensive complaint management institution in the financial sector.

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

The **Executive Vice President of Client Solutions** responsible for digital channels, customer contact center, customer analytics, open banking and entrepreneurship, customer experience and satisfaction, together with the **Executive Vice President of Engineering and Data** responsible for technology, corporate security, 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.**

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.**

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

#### WHAT WE DID IN 2021

##### Digitalization for unrivaled customer experience and value creation through digitalization

- Managing the **largest digital customer base among the private banks in Türkiye**, Garanti BBVA Retail Digital Solutions enables **11 million digitally active customers** to execute any banking transaction anytime, anywhere, with **5,401 Garanti BBVA ATMs, an award-winning Customer Contact Center, Garanti BBVA Mobile and Internet** that have been leading novelties. About 10.6 million of these customers actively use mobile banking, whereas **8.5 million are mobile-only customers.**

Garanti BBVA Mobile and Internet offers **11 million active digital customers** the opportunity to perform their banking transactions whenever and wherever they want. The annual number of transactions made through Internet and Mobile Banking channels is approximately **780 million.**

- The **yearly number of transactions performed through Internet and Mobile banking channels reached approximately 780 million** at the end of 2021. At Garanti BBVA that utilizes digital channels effectively, **97.2% of all non-cash financial transactions go through digital channels.** The number of monthly logins to Garanti BBVA Mobile also increases regularly. **The number of logins reached 2.7 billion in total** in 2021. Aiming to offer its customers an **instant, convenient and seamless** experience, Garanti BBVA remains the leader of digital banking year after year.

**97.2%** of all financial transactions excluding cash are **via digital channels**

- End-to-end digital onboarding** launched in 2021 enables people wishing to **become Garanti BBVA customers** to do so from wherever they may be **all around the year.** This development significantly supports digitalization and also facilitates **broad-based** delivery of digital banking service by **increasing financial inclusion.**
- Remote onboarding** experience is offered not just to retail customers, but also to **sole proprietorship** customers. Making it possible to **become a Garanti BBVA customer independent from time and place,** this experience began contributing significantly to total customer acquisition already from **May 2021** while still in its debut year, and it is anticipated to increase its share rapidly in the coming years. **During 2021, approximately 300 thousand enterprise clients logged into digital channels and monitored and performed their financial transactions via Garanti BBVA. 43 thousand enterprise clients became first-time digital customers.**

- Continuous developments are in progress to become digitally accessible by a larger group of enterprise clients 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.

##### Standing by the customers with omni-channel banking

- During 2021, Garanti BBVA introduced **solutions that create value** for its customers, once again concentrating on **AI and big data** applications. Throughout the year, various teams developed life-easing applications in light of better data management and AI. The effect of the 2020 major upgrade to the interface and infrastructure of **UGI, Türkiye's first AI-based smart assistant** that was launched in 2016, was manifested this year. With its continuously expanded transaction set and gradually improved understanding capacity, UGI went beyond extending **support for banking transactions,** and started **offering insights proactively** to customers. Having rapidly kept abreast with the changing current topics and extended support to users during the pandemic thanks to its revamped infrastructure, **UGI is now much more flexible and compatible with the fast pace of the current events and technological trends. Since 2016, UGI had more than 66 million interactions with 6.3 million customers.** With its use increasing by the year thanks to its natural conversation language understanding capabilities, UGI increased the **number of unique users by more than 60%** in 2021.

Since 2016, UGI had more than **66 million interactions with 6.3 million customers.** The number of unique users increased by **more than 60% in 2021.**

- Put into use for all customers with the guidance provided by Garanti BBVA Mobile's smart assistant UGI, **Live Chat** channel lets customers receive banking support and perform their transactions within the mobile app by reaching **live support**

**assistants from within the mobile app.**

- 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,** 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.**
- Another tool backing digital transformation is **Salary Company Acquisition;** enterprises can easily complete Non-Promotion Salary Agreements, Salary Agreements with Promotional Banking Products and Institution Code creation processes via Garanti BBVA **Mobile, without going to a branch.**
- From 2021, customers wishing to easily manage their investments digitally can **perform their share IPO book building and apply for a share-secured loan** via mobile banking channel, besides the Internet banking channel.
- The need for **contactless transacting** that boosted in the wake of the pandemic to become a habit sparked an increased interest in QR transactions. Garanti BBVA Mobile customers can easily **withdraw/deposit cash, transfer money, pay for their credit card debts or loan repayments with QR via ATMs** without having to go to a branch. In this period, the **ratio of retail customers withdrawing cash with QR went up to the order of 34%, and Garanti BBVA remained the sector's leader with 36% market share in QR transactions.**
- Garanti BBVA carries on with life-easing innovations for customers with QR transactions. The **common QR code** project allowed **customers of any bank including enterprise clients** to **withdraw and deposit cash with QR** from Garanti BBVA ATMs. Another capability added in money transfers allows **sending cash to the QRs of customers of any bank,** which is also enabled by the **common QR code.**
- QR usage substantially reshaped also payment solutions in 2021. Under the common QR Code project, **payment with QR from account and credit card** function from all POS devices went live. This capability is offered both in BonusFlas and Garanti BBVA Mobile app.
- In 2021, Garanti BBVA introduced its life-easing products

for companies through digital channels. The **Single Screen** technology launched in March allows companies to view their accounts with all banks through **Garanti BBVA Corporate Internet** banking channel. Thus, companies can **follow up their cash flows on a single platform** without having to recall the login information necessary for different banks and to log in to separate banking applications.

- The **set of transactions companies can perform without going to a branch** was expanded with **Commercial Borrowing** in 2021. SMEs and commercial companies can apply for a loan 24/7 for **Bank Overdraft Account** and **SPOT loan** within their assigned credit lines, and if approved, they can receive the amount instantly. Besides these transactions, they can digitally perform early repayment and repayment functions for the same loan types.
- On the back of a development launched in 2021, Garanti BBVA customers began digitally viewing the **expense objections to member merchants**. Also, **documents** associated with the objection can be **uploaded via Corporate Internet channel and the process can be tracked on digital channels**.
- In a bid to **provide its customers with a foreseeable cash flow in the face of exchange rate fluctuations**, Garanti BBVA had offered **Forward (FC Buy/Sell at Maturity)** transactions function on the Corporate Internet channel for its enterprise clients in 2020. In 2021, additional features were added to this function on the back of developments made, which included **prepayment or partial prepayment of an open transaction before maturity, change in delivery type and instant profit/loss viewing**.

In brief, Garanti BBVA continues to implement its **strategies for empowering customers** based on its **solutions focused on technology** and customer-oriented perspective.

## MOBILE BANKING

With its broad **set of over 500 functions**, Garanti BBVA Mobile lets customers transact easily, **independent from time and place**. The application continues to serve as the main center of customer experience by going beyond delivering products and services to offer **customized financial insights**.

During 2021, number of monthly transactions performed via Garanti BBVA Mobile exceeded 58 million. As the number of active digital customers reached 11 million, the number of mobile-only customers topped 10.6 million. Garanti BBVA Mobile channel got 83% share in non-cash financial transactions.

During 2021, number of monthly transactions performed via Garanti BBVA Mobile exceeded **58 million**. As the number of active digital customers reached **11 million**, the number of mobile-only customers topped **10.6 million**. Garanti BBVA Mobile channel got **83%** share in non-cash financial transactions.

Aiming to enable customers to satisfy all their banking needs on digital channels and deliver a **smooth experience**, Garanti BBVA further improved the available services in 2021, while also enriching its digital channels with **new and innovative solutions**. Highlights of these developments are outlined below:

- Those wishing to become Garanti BBVA customers are now able to do so thanks to the **Contactless Onboarding Technology**, with the **wet signature requirement eradicated** following the introduction of the related regulatory framework. Thus, they can immediately access all products and services offered by Garanti BBVA. As the onboarding process creates a fast and a time- and location-independent experience, it also delivers a highly **secure one** thanks to the robust technology at the disposal of Garanti BBVA. ID card is scanned using the **NFC technology**, which **precludes use of fake IDs** as the data are drawn from the chip embedded in the ID card. Customers who do not have a phone with NFC capabilities are offered authentication through money transfer as a solution for easily completing the onboarding steps. By making the onboarding step available also at product application points, Garanti BBVA aims to **support individuals at the time of need**. In this context, the Bank introduced the **shopping loan** to fulfill

the financing needs of **retail customers**. **Non-customers** are extended support by being provided **the opportunity to utilize a shopping loan at the purchase point**. Garanti BBVA carries on with developments employing **journey analyses** conducted constantly in order to render the onboarding experience frictionless.

- After giving the necessary approvals, customers can **easily view their account balances and card limits with a single touch on the home page** without logging into Garanti BBVA Mobile.
- On Garanti BBVA Mobile, customers are offered the feature to get a PIN under the **"Contact Us"** and **"Do It Digitally"** pages, using **NFC or OCR** technologies depending on the compatibility of customers' devices.
- Garanti BBVA keeps developing **solutions** for its customers to deliver an **omni-channel banking** experience. With the mobile application, the Bank lets its customers transact without needing any assistance thanks to the **effortless, simple experience** offered. At any point customers need assistance, solutions are presented using the appropriate technology via such services as **chatbots, video calls** and the like, and the Bank stands by its customers at all times. Developed to respond faster to identified needs, **WhatsApp chatbot and the smart assistant UGI** experiences continue to provide answers easily according to the changing needs of users and the current day. **Facebook Messenger chatbot** offers a **stronger understanding capacity** with its new infrastructure. **UGI**, on the other hand, **not only extends support** service to customers but also **offers proactive insights** on the back of its renewed transactions set and increased understanding capability.
- Garanti BBVA signs its name under initiatives that will make its products and services **accessible** so that all its customers can conveniently perform their banking transactions. In this context, under the partnership established with **BlindLook**, the Bank **enables visually impaired customers to freely perform their transactions with the help of voice instructions through Garanti BBVA Mobile and Internet banking**. Visually impaired customers can easily perform many transactions including account opening, money transfers and bill payments with the help of voice instructions without needing anyone else's help. This collaboration also **made Garanti BBVA a part of BlindLook's EyeBrand (in Turkish: Görme Engelsiz Marka) network**.

## Garanti BBVA became a part of BlindLook's EyeBrand network.

- The **Smart Transactions** service, featured on Garanti BBVA Mobile app, is intended to let users perform their everyday banking transactions more easily and gain awareness with respect to their money management. **"Virtual Card Auto Top Up"** rule was launched in addition to the **"Regular Deposit Order"**, **"Spend and Save"**, **"Pay Bill"** and **"Regular Gold Saver"** features that were already available within the scope of Smart Transactions. With the **"Virtual Card Auto Top Up"** function, the virtual card limit is topped up to the limit set by the customers every time they make a purchase using the virtual card.
- Targeting to accompany users through their daily needs, Garanti BBVA put an end to "insufficient balance" era in public transportation, the most frequent problem of users, and launched top-up function for **Istanbulkart**, 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**.

Further details about the Smart Transactions available under Garanti BBVA Mobile app designed to instill an awareness of money management and Disabled-Friendly Banking ATM services can be found in the Financial Health section.

## INTERNET BANKING

Garanti BBVA continues to **touch its customers on all its channels** and to **listen to their voices**.

In 2021, Garanti BBVA launched the development enabling companies to **digitally upload their financial data, undersigning a first** in this regard. **SMEs and commercial companies** can now upload **trial balances, corporate tax returns and advance tax returns** required to be submitted to branches particularly for their borrowing processes via Garanti BBVA Internet, without going to a branch. Work is in progress for **digital uploading of documents that are legally allowed**, paying due regard to customer security.



## GARANTİ BBVA ATM

Garanti BBVA ATM network reached **5,401** ATMs in 2021. **367 million transactions** were carried out from the ATMs. While the number of cash withdrawals and deposits with QR surged by **48% on average**, the ratio of money withdrawal with QR approached **34% within all withdrawals**. The Common 2D Code project launched in 2021 enabled **money withdrawal and deposit with QR** from Garanti BBVA ATMs by customers of any bank. This development handed Garanti BBVA ATMs another function besides the cardless transaction under which customers of any bank are served.

## By the side of customers with Payment Systems solutions

### CREDIT CARDS

#### Bonus Credit Card

Upon the introduction of the capability allowing approval of credit card agreements via digital channels and the enforcement of the digital customer acquisition regulations, new card applications received from the website were referred to **onboarding** and signing of **digital agreement on the mobile app**, making it possible to **use** the digital or virtual card **instantly**. Hence, users can become customers **without the wet signature process** and without going to a branch and start using their cards for shopping without waiting to receive the physical card. Garanti BBVA has been the **sector's first with this flow that steers the users to digital onboarding following a card application submitted via the website**.

#### Collateralized Card

Having made it one of its focus areas to reach more customers and provide **solutions and support for their financial needs**, Garanti BBVA brings a solution-oriented approach for the **needs of customers** wanting to have a credit card, but who are **declined due to their credit scores**. For this need, Garanti BBVA developed the **Collateralized Card** project; under which it developed and automatized the collateralized credit card format issued against the blocked cash amount within the existing structure. With this solution, the Bank offers credit cards to customers who cannot be issued a credit card due to certain risk criteria. The Bank also made

this product **available for foreign customers**, whereby it intends to reach more customers. When customers visit a branch to apply for a credit card, they are issued a credit card assigned with the limit calculated according to certain margins **against the amount to be blocked from the cash in their demand or time deposits**.

#### Metal The Platinum Card

Making its customers' lives easier with its innovative products and services, Garanti BBVA brings the **credit card usage experience to a whole new level** with the **Metal The Platinum Card** introduced in October 2021. Presenting Türkiye's most prestigious credit card to its customers, Garanti BBVA offers the privileges of Metal The Platinum Card to cardholders. **Garanti BBVA is the only bank representing American Express in Türkiye**.

## Garanti BBVA brings the credit card usage experience to a whole new level with the Metal The Platinum Card introduced in October 2021.

Metal The Platinum Card holders seeking a diverse credit card experience can benefit from discounts up to 20% and TL 20 thousand per annum at **American Express Selects Program Partners**. They also earn a **5% discount on all restaurant expenditures**, and a **3% discount on all hotel expenditures** in Türkiye and abroad. They can enjoy the privileges at the participating lounges in **over 700 airports around the world** free-of-charge three times a month. **Membership Rewards points** of Metal The Platinum Card holders are **tripled** when they do their bookings through the American Express **Travel and Concierge Line**, and cardholders can also benefit from customized advantages offered on numerous insurance services from domestic and international travel and health insurance to shopping and rental car insurance.

#### Commercial Credit Card

Previously, physical applications were accepted through the branch channel for commercial credit cards, whereas it could be done solely on the website, via BonusFlas and phone services on digital platforms. In today's digitalizing online-based world with pandemic-driven increased awareness, a **digital application flow for commercial credit cards** had become a basic need.

Prior to the projects enabling digital applications scheduled for introduction within 2022, **flow via the Internet branch** was launched in December 2021. Applications submitted via the Internet branch are forwarded to the central sales system without being referred to any other platform, and the process is finalized by calling the customer within a short period of time. This flow is intended to get the customers accustomed to the commercial card digital application process. Upon logging into the Internet branch, the appropriate card from amongst the wide range of commercial cards is selected from the application menu for submitting the request, resulting in an improved user experience.

### BONUSFLAS

Having ranked first in the Net Promoter Score (NPS) once again in 2021, BonusFlas continued to be the **channel of choice** by Garanti BBVA card customers for all their needs associated with cards and payment solutions with the increased tendency to use digital channels. BonusFlas **made users' lives easier** particularly during the period they stayed home with the solutions it offers for **e-commerce** and **contactless payments**.

With BonusFlas functioning as the **main campaign enrolment channel, campaign enrollments** kept increasing in 2021 to reach **40 million** on the back of campaigns organized with rich contents in view of customer needs. **Payment with QR and Mobile Contactless Payment transactions** increased **by 1.6 folds** as compared to 2020, driven by communications and campaigns.

Number of **transactions with GarantiPay**, which enables **fast and secure payment** at **more than 2,600 e-commerce businesses without sharing card data rose to 4 million in 2021**. The volume of GarantiPay also enlarged by **70%** and captured **TL 2 billion**.

### MEMBER MERCHANT SOLUTIONS

As part of the measures against the pandemic in 2021, **POS devices** without 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 2021 doubled as compared to 2020**.

## Number of contactless transactions in 2021 doubled as compared to 2020.

In a similar vein, the Bank increased the number of **QR-enabled devices** to encourage payment with QR, and **payment collection from non-Bank cards** was enabled through developments on the part of the POS device in QR transactions. As a result of all these developments, **QR transactions tripled**.

In 2021, a **new loyalty program** was launched specifically for **Garanti BBVA POS holders**. Under this sector-leading program, Garanti BBVA provided bonus points and discounts worth up to TL 3,000 per month for their credits cards within the scope of **20 different campaigns each month** specifically for tradesmen and SME customers owning POS devices, and **free-of-charge and interest-free financial solutions to ease their cash flows**. While presenting its customers with the **opportunities to grow their businesses in e-commerce** in this frame, Garanti BBVA **stood by** its customers also through its customers' **digital transformation processes**.

**End-to-end digital onboarding** process through Garanti BBVA Mobile Banking and **garantibbvapos.com.tr** is now added among the already-available channels of Customer Contact Center and Garanti BBVA Internet for member merchant applications. The newly added capability for uploading the agreement approvals and necessary documents through digital banking channels **eliminated the need for going to a branch** for customers wishing to become member merchants, as they are now able to finalize their **applications from their homes or workplaces**.

**Garantibbvapos.com.tr** was revamped, which resulted in the presentation of all services and POS solutions for member merchant needs with an **innovative and customer experience-oriented** interface. Hence, member merchants can find the answers to frequently asked questions and can more easily access campaigns and offers specific to them. **Garantili İşler (Business@Garanti)** Platform was also migrated to the revamped website.

## CEPPoS AND 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 PIN** 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.

During 2021, **PIN transaction** feature was added to the **CepPOS** product for purchases exceeding the contactless payment limit. Hence, payments can be accepted **quickly and securely without an upper limit** thanks to the **PIN transaction** feature using mobile phones and the CepPOS app. When the sales price entered into the mobile phone that has the CepPOS app installed is above the contactless transaction limit, the transaction can be completed by entering the card's PIN into the phone after the card is scanned, just like other contactless POS devices.

In addition, during 2021, the **upper limit for contactless transactions** was increased from **TL 250 to TL 350**, thus allowing transactions up to TL 350 to be performed **without a PIN. Monthly transaction limit for CepPOS was raised to TL 7,500**, allowing transactions worth a higher amount to be processed via the app by member merchants.

Another novelty introduced in 2021 in CepPOS product was the capability for accepting payments from any card type using the CepPOS app. **American Express branded cards have been the first in Türkiye from which payments can be accepted in a secure and fast manner using CepPOS.**

## VIRTUAL POS AND E-COMMERCE

Process improvements for Virtual POS applications continued in 2021, resulting in an under-two-day application time.

The first step has been taken for **digitalizing applications**; in 2021, customers were presented with the function to lodge an application demand through the website. At the end of the year, the **flow allowing end-to-end completion of the application** went live.

The **card storage infrastructure** for storing credit and debit card details of cardholders for future purchases to let them do their shopping easily without having to re-enter their card details was broadened in 2021 and started to be used by **24 businesses**.

The **Switch** service, integration of which was completed with 9 banks, lets businesses manage **transactions and reportings from a single portal**.

The **Fraud** product, **allowing businesses to perform 80% of transactions without 3D Secure**, delivers a frictionless customer experience on the back of its constantly learning algorithm. **n11, one of the leading e-commerce sites, has been the first company to use the Fraud product.**

Garanti BBVA kept increasing the use of its Collection by Code product which enables remote payment collection for business places that do not have a website but seek to carry out online sales. Succeeding in involving in e-commerce those companies wishing to collect payments remotely without engaging in the software phase, Garanti BBVA put emphasis on broadening the use of this product in 2021 and made it available to approximately **1,200 businesses**.

## OUTLOOK

**Open banking** services, whose developments are slated for completion in 2022 in line with the regulatory framework published at year-end 2021, will allow customers, upon their request, to access their financial data with other licensed institutions, and thus will have the **convenience to view and manage** their accounts with different institutions, as well. Under the structure that will also include setups such as **initiation of payment instruction and money transfer**, customers will be able to **access the external financial ecosystem again through Garanti BBVA channels**. This will take the **integrated experience** so far offered within Garanti BBVA channels one step further.

Democratization of financial data that entered our lives through open banking arrangements will be turned into an experience that will deliver maximum benefit to customers with maximum security. Use of open banking services entail some critical priorities, which are providing the customers with the right information at every step of the way, ensuring maximum security for them, and guaranteeing responsible use of data. In terms of experience, the Bank's priorities both for retail and enterprise 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.

Through imminent initiatives planned for commercial customers, it is targeted to offer interfaces that will be incorporated within SME customers' business cycles 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, corporate customers will be able to automatize numerous operational processes through Garanti BBVA Corporate Mobile and Internet channels, and thus achieve increased productivity. The **set of transactions companies can perform without going to a branch** is targeted to be expanded with the migration of commercial loan application and utilization processes to the digital channels in 2022.

Due to the ongoing pandemic, it will still be important in 2022 to facilitate product applications by, and product delivery to, customers through digital banking channels and digital onboarding process in the payment systems as well. On the part of physical POS and e-commerce products enabling face-to-face payment collection, work is ongoing for giving easy access to the product through digital channels. Work for the development and roll-out of the Virtual POS application processes that were digitalized in 2021 is planned to go on. In addition, the importance of contactless payment using the more hygienic cards/mobile wallets instead of cash is ever increasing, and besides physical POS solutions, applications converting smart phones into POS devices keep acquiring wider use in order to enable contactless payment in every environment. The Bank is targeting to retain its pioneering position in this area through options customized according to businesses of any scale, by diversifying the solutions offered in this field.

Besides the payment collection process, diverse commercial credit cards and partnership campaigns customized for member merchants will present the privileges of being a Garanti BBVA member Merchant. Plans will remain in place for gaining increased depth and broader coverage with value-added products that will create a difference in the e-commerce world. The fast and easy payment method of e-commerce, GarantiPay will keep developing through new company integrations. Card Storage and Fraud product that will add momentum to the payment flow are intended to produce improved customer experience. Broad-based presence will be sustained by way of identifying "a strategic partner in each region" for regional cooperation for growth and campaigns.

Garanti BBVA is targeting to further consolidate the leadership it has captured among all banks in card and POS acquiring volume market share in 2021 with its innovative capabilities, digital competencies, powerful brands and operational strength.

On the payment systems front, both cards and physical POS devices are yielding to mobile wallets and POS applications running on smart phones in face-to-face payments. This transformation got even faster with the effect of the pandemic. Shopping without the plastic card is becoming an indispensable part of daily life; with the payment solutions it offers both for physical POS devices and for e-commerce, BonusFlas is targeting to replace the wallets in pockets. In the short- and medium-term products that enable payment collection without going to the cash register and without necessitating a physical POS, and new generation POS devices incorporating different functions besides payment collection will be more and more common. Garanti BBVA is working to accompany its member merchants through this transformation and to expand its product range to offer the solutions befitting every need. In addition to payment solutions, it has become highly critical to digitally follow up the transactions performed with a POS device and receiving the necessary support without going to a branch. The Bank's target in this respect is to further develop the Garantili İşler (Business@Garanti) web platform accessed via [www.garantibbvapos.com.tr](http://www.garantibbvapos.com.tr) website for offering new solutions that cater to the needs.

# What is the Power of Action?

**Aydın Güler**  
Executive Vice President  
Finance & Treasury



Video



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

Superior  
Performance

**Return on  
Equity 19%,  
Return on  
Assets 2%**

Action

Sustainable  
Growth

**Highest  
Interest  
Earning Assets  
Ratio among  
peers**

Action

Sustainable Income  
Generation

**Highest net  
fees and  
commissions  
base among  
peers**

Action

Choice of Customers

**Highest TL time  
and demand  
deposit base  
among private  
banks**

Action

# Operational Excellence - I

2,915 12 min 10 growth

Material Topics	Value Drivers	Indicators	2020	2021 Actual	2021 Revised Guidance	Actual vs. Guidance
<b>#1 CAPITAL ADEQUACY AND FINANCIAL PERFORMANCE</b> <b>#2 CORPORATE GOVERNANCE AND EFFECTIVE MANAGEMENT OF ALL RISKS</b> <b>#4 EASY, FAST SOLUTIONS AND DIY OPTIONS</b>	FOCUS ON SUSTAINABLE GROWTH AND USE OF CAPITAL EFFECTIVELY SO AS TO MAXIMIZE THE VALUE TO BE CREATED  CONSTANTLY IMPROVE AND ENABLE BUSINESS MODELS AND PROCESSES WITH AN OPERATIONAL EFFICIENCY POINT OF VIEW  ACTIVELY MANAGE FINANCIAL AND NON-FINANCIAL RISKS	Asset Growth (%)	26%	<b>57%</b>	-	-
		TL Loan Growth (%)	33%	<b>27%</b>	>20%	Beat
		FC Loan Growth (%)	-1%	<b>-7%</b>	Shrinkage	In-line
		NPL Ratio (%)	4.5%	<b>3.6%</b>	<4,5%	Beat
		Net Cost of Risk <sup>1</sup> (bps)	231	<b>107</b>	<150 bps	Beat
		NIM Including Swap Costs (%)	21 bp expansion	<b>85 bp contraction</b>	-100 bps contraction	Beat
		Net Fess & Commission Growth (%)	5%	<b>40%</b>	-30% growth	Beat
		OPEX Growth (%)	15% (Bottom line impact: <9%. Due to hedging mechanisms and pre-set provisions)	<b>28%</b> (Excluding currency impact: 22.6%. Since currency impact is 100% hedged, there is no bottom-line impact)	~CPI	<b>Miss (Inflation-adjustment related additional provision to be settled in 2022 associated with employee benefits inflated 2021 base)</b>
		Cost / Income Ratio <sup>2</sup> (%)	36.5%	<b>34%</b>	-	-
		Leverage	7.7x	<b>9.7x</b>	-	-
ROAE (%)	11% (adjusted with freeprovisions:14,4%)	<b>19%</b> (adjusted with free provisions: 22.6%)	16-18%	Beat		
CAPITAL ADEQUACY RATIO (%)	16,9% (Excl. BRSA temporary measures)	<b>14%</b> (Excl. BRSA temporary measures)	-	-		
CET-1 RATIO (%)	14,3% (Excl. BRSA temporary measures)	<b>11,3%</b> (Excl. BRSA temporary measures)	-	-		

1 Net CoR excludes currency impact, as it is 100% hedged, no bottom line impact.  
 2 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

Financial performance, which is at the core of value creation at Garanti BBVA, is both the cause and the result of sustainable growth. The bank has an indirect and direct impact on the economy by offering its products to customers, investing in facilities and continuously improving its business model and processes from an operational and environmental efficiency perspective.

Aiming to allocate capital efficiently in order to maximize the value produced, Garanti BBVA focuses on disciplined and sustainable growth with its real banking principle that does not compromise its solid asset quality and prudent stance. It continues to support the economy with its effective balance sheet management, combining its unconditional customer satisfaction approach with a strong capital structure and efficiency focus.

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

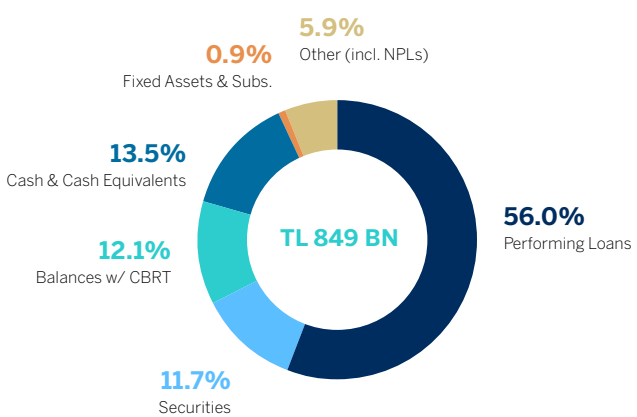
Due to the emergence of COVID-19 pandemic, loose monetary policies of global central banks and fiscal incentives applied have been the highlight in 2020. 2021, was a year in which we have experienced the impact and consequences of these developments, and the recovery process that started with the vaccination becoming widespread. Extensive impact of the lockdowns on the economy have been prevented as the vaccination process has gained speed, even though the case numbers continued to increase due to second and third waves of the pandemic. Recovery process on the global trade side has also

picked up in a parallel manner. Global trade, which contracted by more than 15% annually in 2020, is estimated to grow by 10.8% in 2021, according to forecasts of WFO. The acceleration in the vaccination process enabled the restrictions to be loosened to a large extent as the tourism season opened. In light of these developments, the global economy is expected to record a strong growth in 2021 after the contraction last year. According to the IMF's latest forecast, the global economy is expected to grow by close to 6% in 2021.

Growth in the Turkish economy has gained pace with the contribution of both domestic demand and increasing foreign demand. The fact that growth was mainly driven by domestic demand and the fluctuation in the exchange rate, especially in the last periods of the year, has put some put pressure on inflation. The policy rate started the year at 17%, increased to 19% with a 200 bps rate hike decision in March, and then ended the year at 14% following gradual rate cuts starting from September. The decline in funding costs in the last quarter of the year and the strong loan growth with the contribution of domestic demand supported the banking sector margins. The CPI-linker securities portfolios of the banks have also helped protect the balance sheets of banks against the rise in inflation.

Garanti BBVA continued to grow without compromising profitability, strengthen its capital and asset quality thanks to its dynamic balance sheet management in this environment. While its **total consolidated assets** reached TL 849 billion with an annual increase of 57%, total performing loans grew by 42%, whereas the security portfolio grew by 34%. Strategic purchases were made in the securities portfolio during the period, to support margin management. Interest earning assets' share in total assets is the highest among peers with 82%.

**Asset Breakdown**



**Performing Loans\***

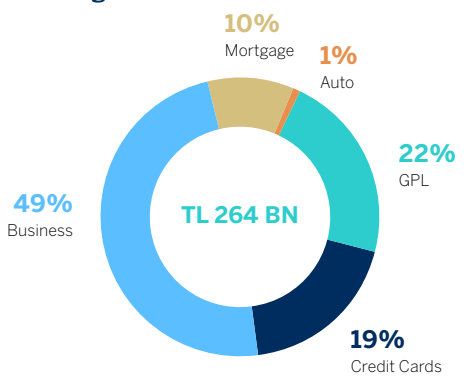
(TL, US \$ billion)

	2020	9A21	2021	QoQ	YoY
Total	335,0	398,4	475,3	19%	42%
FC (US \$)	\$17,3	\$16,5	\$16,1	(2%)	(7%)
TL	207,6	252,7	264,1	5%	27%

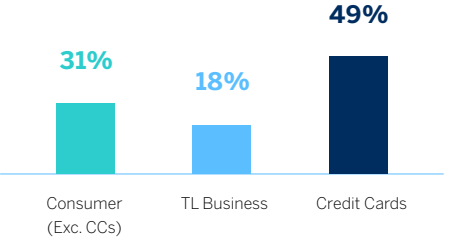
\* Excludes leasing and factoring receivables

Supported by strong domestic demand in 2021, Garanti BBVA has increased its market share in TL performing loans by 54 basis points since the beginning of the year and became the leader among private banks as of third quarter, with 27% annual growth. Growth in **TL performing loans** was balanced with parallel growth in both corporate and individual portfolios.

**TL Performing Loans**



**TL Performing Loan Growth**



**Securities**

(TL, US \$ billion)

	2020	9A21	2021	QoQ	YoY
Total	73,9	80,7	99,3	23%	34%
FC (US \$)	\$3,70	\$2,98	\$2,97	(1%)	(20%)
TL	46,6	54,3	60,4	11%	30%

The contraction in **foreign currency loans** continued due to the decrease in loan demand backed by the volatility in currency. Foreign currency loans recorded an annual contraction of 7% in 2021. 16% of unconsolidated foreign currency performing loans are export loans utilized to customers with FX income. 53% are project finance loans and the remaining 31% are business loans, mostly utilized to large corporate, commercial customers and multinational companies. While 84% of Project Finance loans are made up of loans utilized to customers with FX income or customers who do not have any currency risk, all foreign currency loans who bears a currency risk are classified under stage 2 or 3 with high provision levels.

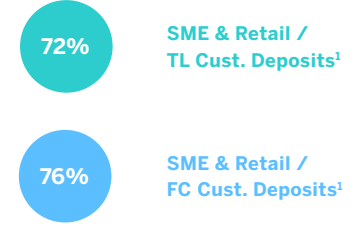
The customer-focused deposit base continued to have the largest share in funding the asset growth. The 63% annual growth in the **customer deposit** base was supported by both TL and FX customer deposits. Bank's loan/deposit ratio also improved to 82% on a consolidated basis. The reasons behind Garanti BBVA having the highest net interest margin are:

- High share of demand deposits in the total and,
- Low-cost, sticky SME and retail customer driven deposit growth.

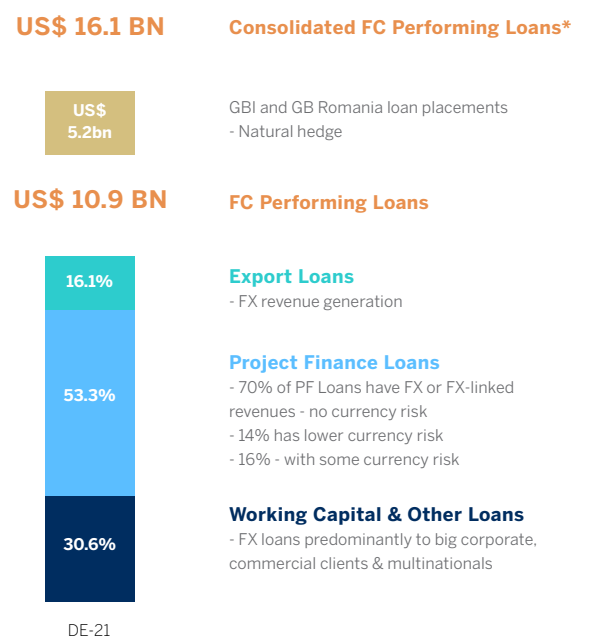
**Highest TL Deposit Base, Both in Time & Demand**

- Among private banks, as of Sep'21

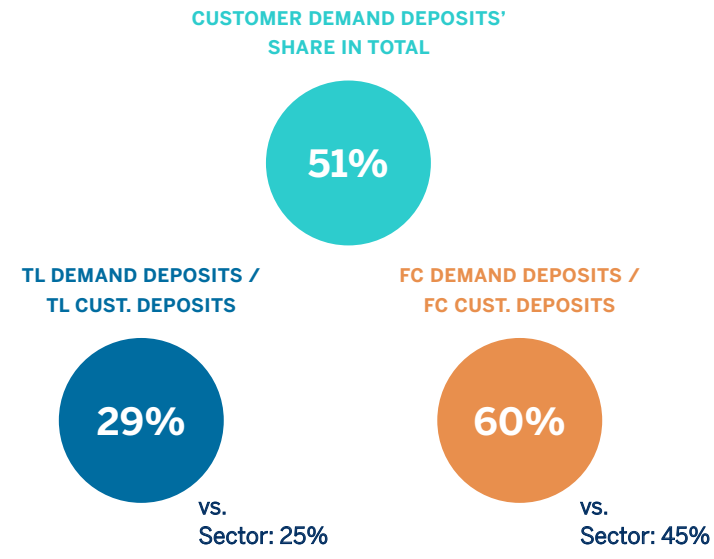
**Stickier & Low-Cost Deposit Base**



**FC Performing Loans**  
(44% of total performing loans)



**Expanding Zero-Cost Demand Deposits Base**



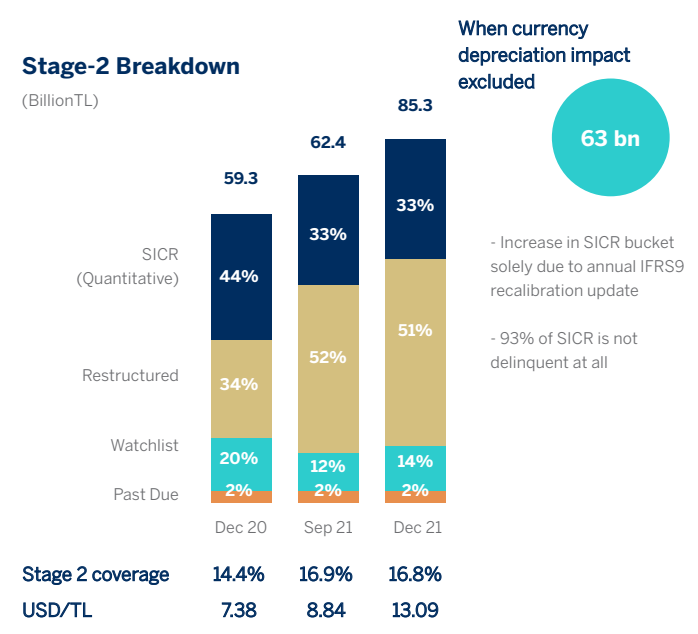
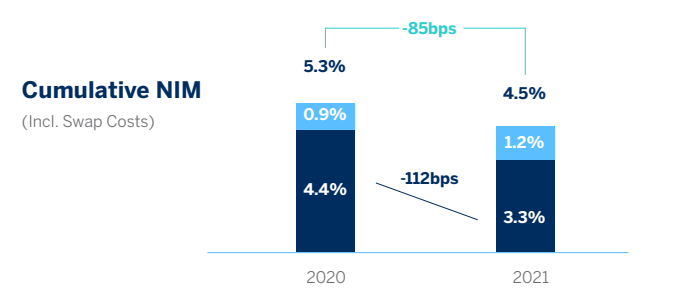
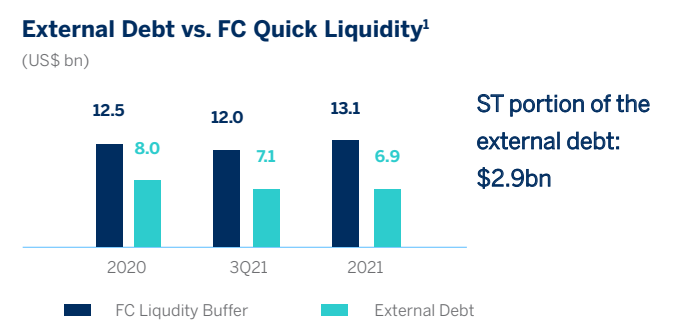
Garanti BBVA's need for external borrowing has also decreased significantly supported by the shrinking foreign currency loan book. While the **external debt stock** decreased from 8 billion USD to 6.9 billion USD in 2021, the **foreign currency liquidity buffer** level increased to 13.1 billion USD with the short term portion at only US\$2.9 billion.

Our TL loan yields have increased thanks to the balanced and timely loan growth. Repricing of our loans gained momentum, especially in the second half, supported by the short term nature of the growth. However, due to the rise in TL deposit costs, especially in the first half of the year, the loan to deposit spread contracted compared to the previous year. The increase in the cost of swap funding also put negative pressure on the margin. While some of the contraction in the loan to deposit spread was offset by the CPI linker income contribution, some of it was supported by the high demand customer deposit base. In 2021, our **net interest margin including swap costs**, contracted by a limited 85 basis points, outperforming our operating plan (approximately 100 basis points contraction) announced at the beginning of the year, despite the cost pressures.

We also supervise the health of our loan portfolio as we grow our loan book and we constantly take a proactive and prudent approach in terms of risk management. The performing loan book is followed under Stage 1 and Stage 2. **Stage 2 loans** are subjected to quantitative (Significant Increase in Credit Risk) or qualitative (Watchlist, Past Due and Restructured) evaluation with TFRS 9 models. In 2021, especially with the currency impact, the stage 2 loans increased to 85 billion TL, from 59 billion TL in 2020, however, if we would keep the 2020 exchange rate level constant, the stage 2 loans would have increased by only 4 billion TL. The increase in stage 2 is all from the Significant Increase in Credit Risk bucket, following an annual IFRS-9 calibration made with a proactive and prudent manner. 93% of the Significant Increase in Credit Risk (Quantitative) bucket is not delinquent at all. **FX sensitivity analyzes** are carried out regularly within the scope of proactive loan classification and loan provisions. In the most recent sensitivity analysis, corporate and commercial loan

1 FC Liquidity Buffer includes FC reserves under ROM, swaps, money market placements, CBRT eligible unencumbered securities

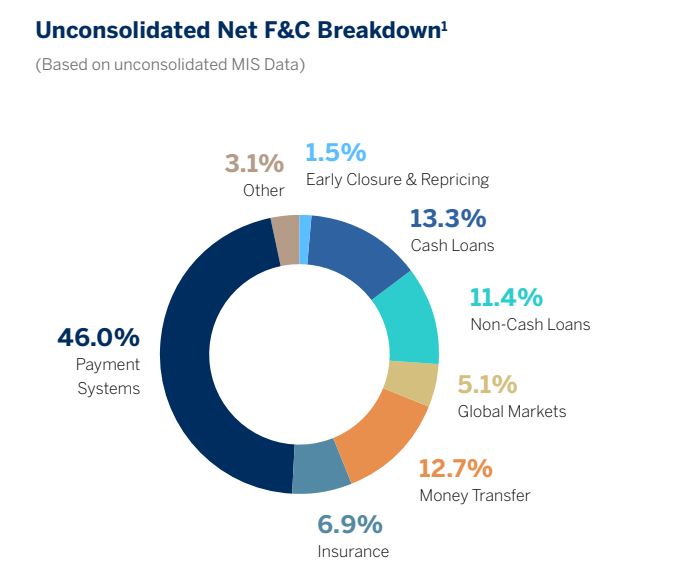
portfolios were examined and it was determined that nearly 90% of the companies that were determined to be currency sensitive were followed with high coverage levels under the stage 2 or 3. On the other hand, no payment problems were experienced in the 10% of rate sensitive loans that were followed under stage 1.



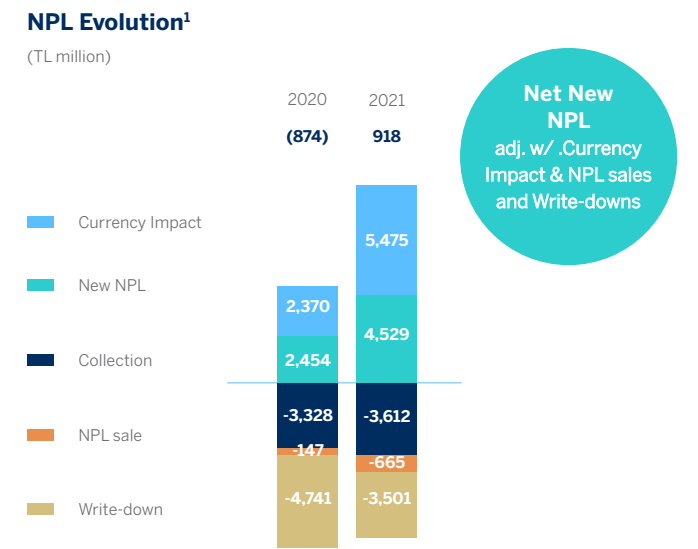
In 2021, **non-performing loans ratio** decreased to 3.6% from 4.5% in 2020 thanks to limited net inflows and write-downs. NPL ratio would have declined to 5.6% in 2021 from 5.9% in 2020, when adjusted with the impact of write-downs done in 2019, 2020 and 2021.

We have seen an improvement in the **cumulative net cost of risk** in 2021. The provisions we have set aside with our prudent approach since the implementation of IFRS-9 reduced our need for additional provisioning in this period of high economic activity. Combined with strong collection performance, the cumulative net cost of credit risk (excluding currency impact) came in at 107 basis points, below our operating plan guidance of <150 basis points.

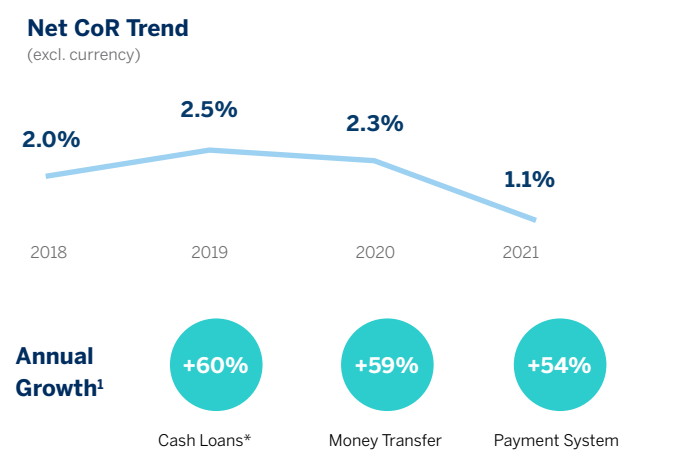
Garanti BBVA, grew by 40% in **net fees and commissions** 2021, on top of already having the highest base among peers, by maintaining its sustainable income generation, thanks to its diversified commission resources and digitalized processes. The factors that have contributed to the growth are the increasing transaction volume in credit cards and money transfers, our growing customer base and our developments in digital banking.



1 Net Fees&Comm. breakdown is based on unconsolidated MIS data  
\* Excludes LYY related dividend income



	2020	2021	2020 (adj. w/ WD)	2021 (adj. w/ WD)*
NPL RATIO	4.5%	3.6%	5.9%	5.6%
NPL COVERAGE	63%	66%	73%	79%
TOTAL COVERAGE	5.8%	5.8%	7.3%	7.7%



Expanding customer base with **more effective and broader penetration**

Boosted by growth in transaction numbers on top of the positive effects of 7/24 FAST system for local Money transfers.

**Digital empowerment and unrivalled customer experience** resulted in a 68% YoY increase in # of digital transactions.

Acquiring volume **grew by 56% YoY** thanks to our credit card customer and merchant base – **highest among private peers.**

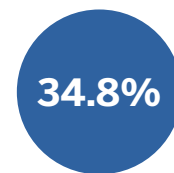
### Sustainable & Improved Efficiencyratios

#### COST/INCOME



VS.  
Private peer  
avg. of 41%

#### BANKING REVENUE/ BRANCH<sup>1</sup>



VS.  
Private peer  
avg. of 16.4%

#### BANKING REVENUE/ EMPLOYEE<sup>1</sup>



Our **operational expenses** grew by 28% in 2021, above the average inflation. Factors in cost growth are:

- The additional 650 million provisions set aside, due to the inflation adjustment to be paid in 2022, increasing the 2021 base,
- Reduced costs with the transition to a hybrid working environment helped offset the inflation-driven expense increases,
- Increase in foreign currency linked expenses. TL depreciation had a negative impact of approximately 6% on operational expenses. However, the long FX positions that are carried against the exchange rate effect hedged this impact, so there is no impact on the bottom line.

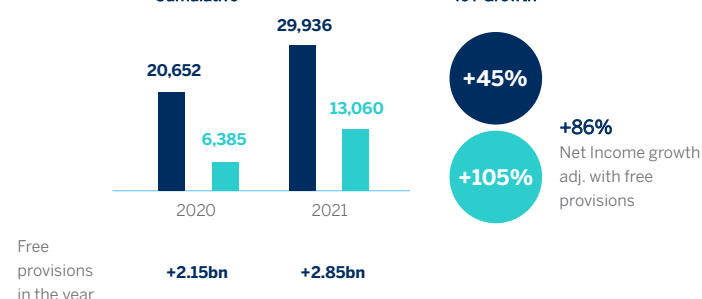
As a result of all these, Garanti BBVA managed to **increase its pre-provision income by 45%** year on year. Given the Bank's prudent risk approach, Garanti BBVA set aside 2 billion 850 million TL free provisions increasing its total free provisions in the balance sheet to 7 billion 500 million TL, and achieved a consolidated net income of 13 billion 60 million TL.

The Bank's **average return on equity** was realized at 19.0% and return on assets at 2.0%. When adjusted for free provisions, return on equity would have been 22.6% and return on assets 2.5%. **The Cost / Income** ratio also improved to 34% from 36.5% in 2020.

In 2021, the **capital adequacy ratio** decreased to 14.0% from 16.9% in 2020, mainly due to the depreciation in the currency. This ratio does not include the forbearance measures implemented by the BRSA during the year. This level is well above the Basel III minimum required level of 12.2% for 2021. According to the legal limits the Bank has an excess capital of 12.5 billion TL, excluding the BRSA forbearance measures.

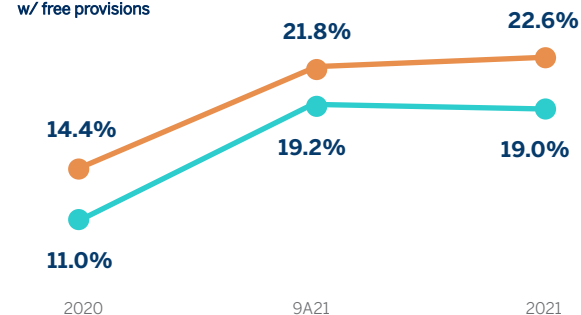
### Pre-Provision Income & Net Income

(TL Billion)



### ROAE

ROAE Adj.  
w/ free provisions



<sup>1</sup> Per bank-only financials for fair comparison. Peer bank figures are as of September 2021. Note: Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals) Banking Revenue = NII - Swap Cost + Net Fees & Commissions

### THE GROUP'S PERFORMANCE IN 2021

Subsidiaries played a key role, as they did in previous years, in delivering the strong financial results at the end of 2021. 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 2021, 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 2021 results were positive:

- In Domestic Sales, the acceleration of new customer acquisition continued at the same pace as in 2020, with the impact of both the ongoing effects of the pandemic and the public offerings in 2021. In parallel with this, as the number of customers making transactions increased by 66% and the commission income from Equity and Derivatives Market transactions enlarged compared to the previous year. In addition, the total revenue obtained from overseas transactions, FX and treasury increased by 30%.
- On the Corporate Sales side, the services provided to foreign corporate customers came to a standstill, in light of the regulation in short selling transactions, however managed to outperform its target.
- With the contribution of public offering services, Corporate Finance revenues increased by approximately a record high 138% compared to the previous year.
- Approximately 96% annual growth in treasury revenues was driven by positions maintained by the Bank aligned with the market conditions, improvements in market access and

market making structure, stock loan transaction revenues and the increase in transactions with investment branches.

- Garanti BBVA booked a net profit of TL 510 million among its subsidiaries and has a share of 3.9% in total earnings.

2021 has been a successful year for insurance and pension business, as demonstrated by the results presented below:

- Private peers market leader\*\* with 2.2 million participants in total covering both Voluntary PPS\* and PPS Auto-Enrolment.
- It was the choice of 30% of more than 836\*\* thousand new participants in the system in Auto Enrolment and ranked first as the company acquiring the highest number of new participants.
- 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.
- Had a highly successful year with a cost/income ratio of 24%
- Celebrating its fourth year, the Fund Coach reached 155,381 users with a very successful return performance.
- Garanti BBVA's subsidiaries achieved a net profit of TL 635 million and had a share of 4.9% in total profits.

### GARANTİ 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 Environmental, Social, and Governance tab.

\* Private Pension System

\*\* Based on data published by the Pension Monitoring Center on 31 December 2021.

## 2022 OUTLOOK

## 2022 OPERATING PLAN GUIDANCE

TL LOANS (YOY)	>25%
FC LOANS (IN US\$, YOY)	Shrinkage
NET COST OF RISK*	<150bps
NIM INCL. SWAP COST	+50-75bps
CORE NIM (NIM INCL. SWAP EXCL. CPI)	Flattish
FEE GROWTH (YOY)	>25%
OPEX GROWTH (YOY)	~avg. CPI
<b>ROAE</b>	<b>&gt;20%</b>

\* Net CoR excludes currency impact, as it is 100% hedged bottom line

Garanti BBVA will continue to contribute to the economy in line with the goals of our country's sustainable growth and expansion on a healthy and solid base.

In this respect, the expansion in TL loans is projected to be over 25%. While growth is anticipated to be across the board in TL loans, demand is expected to be higher on TL business banking loans. 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 2022. 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 2022. With the Bank's low-cost and sticky deposit base focus, the share of deposits in total assets is expected to maintain its high level.

On provisions, the Bank maintains its cautious approach. Net COR, excluding currency impact is projected to be below 150 basis points.

In 2022, with the support of the CPI securities portfolio, cumulative NIM including swap costs is anticipated to improve by 50 to 75 basis points. 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.

Net fees and commission income is projected to continue its strong growth of over 25% in 2022, on top of the robust 40% growth in 2021. Cash and non-cash loan commissions is also expected to grow with the support of loan growth. Increasing digitalization will keep contributing to the growth of money transfer transaction volume.

The increase in operating expenses is estimated to be close to inflation in 2022.

In 2022, 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 2022 projections, Garanti BBVA aims to achieve an ROAE above 20% in 2022.

## EXPECTATIONS REGARDING THE GROUP IN 2022

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 Türkiye, 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 2022.

The biggest contribution to subsidiary profitability, is expected to come from Garanti BBVA Securities and Garanti BBVA Pension in 2022, just as it did in 2021.

Garanti BBVA Securities targets;

- To maintaining high income generated on equity and derivatives market products.
- An increased income to be derived on new products.
- On the corporate sales side to provide a brokerage service model for domestic corporate customers included in the definition of institutional investor, as well as for foreign institutional investors who have the opportunity to work within the scope of regulation.
- To maintain the leading position in public offering transactions on the corporate finance side and continuing to provide consultancy services.
- To make a significant contribution to the consolidated profit by increasing the revenues from treasury transactions

Garanti BBVA Pension targets;

- To sustain solid premium production on life insurance segment.
- Voluntary PPS to gain momentum.
- Increased market share in the Auto Enrolment System along with solidified position in the sector.
- Highest number of participants in PPS Auto-Enrollment.
- Garanti BBVA Pension is gearing up for the Complementary Pension System that is on the agenda, drawing on its robust infrastructure developed for PPS Auto Enrolment.

The Group aims to move forward its strong balance sheet structure by entering new business lines in the geographies where its subsidiaries operate in banking activities, and to increase their profit-making potential and make it sustainable.

Garanti BBVA and its subsidiaries will persist with its initiatives to create long-term value, as in 2021, moreover, 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

3,884 16 min 8 digital

Related Material Topics	Value Drivers	Indicators	2020	2021
#1 SOLVENCY AND FINANCIAL PERFORMANCE	EFFECTIVELY MANAGE FINANCIAL AND NON-FINANCIAL RISKS	Number of projects subjected to Environmental and Social Impact Assessment System (cumulative)	81	<b>85</b>
		Site visits to customers regarding environmental and social issues	0	<b>4</b>
		Customers and financial institutions informed about environmental and social issues	7	<b>18</b>
		SDGs contributed via environmental and social risk management of loans	13	<b>16</b>
#3 CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS	INCREASE END-TO-END DIGITAL SOLUTIONS; CONTINUE TO ENHANCE EXPERIENCE WITH OUR INVESTMENTS IN DIGITAL PLATFORMS	Digital transactions in non-cash financial transactions (Retail)*	97.4%	<b>97.7%</b>
		Digital sales (share in total sales) (Retail)	57%	<b>57.5%</b>
#4 EASY, FAST & DIY	CONSTANTLY IMPROVE OUR BUSINESS MODEL WITH TRANSACTION CONVENIENCE, ENRICHED REMOTE SERVICES AND SIMILAR FACTORS	Number of Contacts handled by the Customer Contact Center (CCC) (million)	71.6	<b>60.6</b>
		CCC Service Level	76.8%	<b>84.6%</b>
		CCC Call Response Rate	96.7%	<b>98.9%</b>
		CCC Branch Calls Resolution Rate	65.7%	<b>72.6%</b>
		CCC Financial Product Range (Qty)	30	<b>27</b>
		CCC High Value-Added Financial Product Sales (millions of units)	2.6	<b>2.7</b>

\* It is calculated with the Product Relative Value (PRV) methodology, based on the weighting of each product category's contribution to digital sales according to their core economic values.

Contributed Sustainable Development Goals



Within the frame of its Operational Excellence strategic priority, Garanti BBVA targets to constantly improve its business model through **process automation, transaction convenience, enriched remote services** and similar factors, increase **end-to-end digital solutions**, continue to **enhance experience** with investments in digital platforms, continuously improve business model and processes based on **operational excellence** point of view, and **effectively manage financial and non-financial risks**.

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 its service channels. In this context, the Bank achieves **operational excellence** and **productivity** as it continues to **revamp, simplify and automatize** its business processes, **formulate organizational changes** with centralization perspective, and **enhance customer experience**.

Integrating the opportunities presented by advancing technology and data sources in its business model, Garanti BBVA **interprets big data clusters** and adopts a **more analytical approach** to customer management. The Bank also uses these outputs in its organizational model in elements such as **resource planning** besides **design, change and transformation**, thus carrying its business results to the analytical ground.

Adopting **agile 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, and pioneers 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**.

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.

Garanti BBVA maintains its focus on developing digital solutions and **investing** in digital platforms with the goal of delivering **unrivaled customer experience** and enabling banking transactions to be performed easily **any time, anywhere**. To ensure continuity of its **digital transformation strategy**, the Bank aims to bring end-to-end digital banking services to its retail and corporate customers through all digital channels with **easy and accessible** solutions.

Garanti BBVA creates solutions for its customers to deliver an **omni-channel banking** experience. These solutions are intended to bring the **transacting capabilities on digital channels** to the same level with the transaction sets offered in branches and by the Customer Contact Center. Additionally, it is also targeted to lessen customers' need to make a branch visit or call the Customer Contact Center and to enable them to perform all their transactions digitally. By making **Garanti BBVA Mobile the main contact center**, the Bank is endeavoring to let its customers transact without needing any assistance thanks to the easy experience offered. At any point customers stumble and need assistance, support is extended immediately again via Garanti BBVA Mobile; the Bank offers **features allowing customers to reach customer agents or customer representatives in branches through digital channels** and to remotely perform their transactions, and facilitates **solutions via the smart assistant** on the basis of proactive actions. Hence, the Bank designs a world where **Garanti BBVA Mobile is the first contact point for customers ensuring first contact resolution**.

Thanks to UGI, **Türkiye's first AI-based smart assistant** launched in this context, customers can **talk** or **write** to the virtual assistant when they have a problem while using the mobile app and easily find the necessary answer without leaving the platform. When needed, customers can exchange messages with customer representatives about many topics related to banking through the mobile app, using the **live support assistant** service, and perform their transactions. UGI determines the points at which customers need the live support assistant and connects the customer to the live support assistant to receive support, without exiting the app. Customers can **finalize a transaction they initiated on the Mobile app without going to the branch or calling the call center again on the Mobile app** and consummate their intended action in the fastest manner possible. Steps that would compel a branch visit for customers are identified and solutions adapted to the digital channels are developed for them. Branch-dependent procedures such as **getting a password, limit increase** etc. can now be **easily** completed digitally with technologies such as **NFC, video call**, and the like.

Customers can **finalize a transaction they initiated on the Mobile app without going to the branch or calling the call center again on the Mobile app and consummate their intended action in the fastest manner possible.**

Garanti BBVA Customer Contact Center not only facilitates customers' financial lives by offering them **fast, high-quality services focused on first contact resolution**, but they also improve processes using the Bank's **robust technology**, present **digital opportunities** and further improve the **productive and profitable structure through smart solutions.**

Having published its **Sustainability Policy** to embed Sustainable Development Goals and the Paris Agreement in its strategy and activities for building on its fundamental banking concept and having documented its **Environmental and Social Loan Policies (ESLP)** to minimize the indirect impact of its lending activities, Garanti BBVA assesses and manages its risk exposure

in lending processes such as environmental, social, governance and occupational health and safety, and the potential impact of these risks. **General Loan and Banking Service Agreements** incorporate articles stipulating commitment to **conform to ESLP**. Important developments regarding the relevant policies are monitored by the Board of Directors via Responsible Business and Sustainability Committee constituted by members from the Board of Directors and Senior Management.

Thanks to its effective risk management enabled by the world-class **integrated management of financial and non-financial risks** and its organizational agility in seizing new opportunities, Garanti BBVA creates sustainable value for all stakeholders.

#### WHAT WE DID IN 2021

##### Constantly enhanced customer experience on the back of end-to-end digital solutions:

- Enabling users to perform almost every transaction digitally without going to the branch, Garanti BBVA carries on with its innovations to increasingly refer its customers to digital channels. Following the introduction of **remote onboarding** in May 2021 upon publication of the applicable regulatory framework, people wishing to be a Garanti BBVA customer are able to open a **bank account on the Mobile** without having to go to a branch and to sign dozens of documents. Garanti BBVA continuously works to perfect the remote onboarding experience, which is one of the Bank's main focus areas, identifies improvement areas and develops **new solutions**. In the process, NFC technology is used for authentication, **and customers who do not have a phone with NFC capabilities are offered authentication through Money transfer as a solution**. Customers completing the onboarding steps on Garanti BBVA Mobile can view the **products that suit them** one by one on the screen and can easily apply for the products they need. Garanti BBVA makes the onboarding step available also at product application points and aims to support individuals **when they need.**

**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.

- 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 **partnerships**. The Bank keeps expanding its sphere of influence by providing solutions such as **Shopping Loan to its users on non-Bank platforms.**
- Garanti BBVA intends to go beyond presenting products fulfilling customer needs through digital channels, and strives to **help users understand their needs, and offer them solutions** instantly upon the emergence of a need. To this end, the Bank increases its **big data and advanced analytics** projects in its product and service offers to understand customer demands and needs and to deliver the products they want at the right time, through the right channel. The Bank also works towards **presenting 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 benefited 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, **product relative value of digital sales to total sales reached 57.5% in 2021.**
- 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 via digital channels.

##### The value created by 444 0 333 Garanti BBVA Customer Contact Center:

- Placed in **second place in the world** in "**Best Contact Center**" and "**Best Customer Services**" categories by the **Contact Center World**, one of the world's most eminent call center organizations, Garanti BBVA Customer Contact Center handled **60.6 million customer contacts** in total in 2021 by its **qualified team of over 1000 agents.** Upon normalization of the pandemic-driven 2020 boom of the call traffic and in the new world that was created with the technical developments it has undertaken, the Customer Contact Center got **12.7% share in all calls handled by the overall sector** and ended the year once again as the sector's leader.

Offering its customers fast and seamless experience, the Customer Contact Center captured a high service level by **servicing 84.6% of its customers in and under 30 seconds.**

- Offering customers fast and seamless experience with a call response rate of 98.9% in main service lines, the Customer Contact Center **captured a high service level by servicing 84.6% of its customers in and under 30 seconds.**
- With the **Artificial Intelligence** Project introduced, the Customer Contact Center began **predicting** reasons for incoming calls before the call and thus laid the foundation of the **new generation call center** concept.
- The Center **increased new customer acquisition** in the video call channel, a key component of customer experience, by nearly **4.5 folds** over the previous year. It eliminated the branch step and secured **new customer acquisition from a single channel** from **1 May 2021** and succeeded in offering an end-to-end digital experience that fulfills the needs of the age. Additionally, it made the **“Live Support Service” available to all its digital customers.**
- The Customer Contact Center continues to lead the sector in sales as it does in service. Based on value-added activities developed with new technologies, it **sold 2.7 million units of 27 different financial products** and remained adhered to its vision of being a profit center.
- Instantly fulfilling customer demands for **credit card application without visiting a branch**, the Customer Contact Center single-handedly carried out the retention efforts for all Garanti BBVA credit cards and **retained more than 1.2 million cards.**

#### Constantly improved business model with process automation, transaction convenience and enriched remote services

- In keeping with its Operational Excellence mission, Garanti BBVA continued to be **positioned as the business partner** of its customers also in 2021. In a bid to offer them **swift and high-quality service**, the Bank redesigned its **workflows as centralized seamless processes** and introduced technological infrastructure developments.
- Garanti BBVA authored major projects in 2021, benefiting from the means offered by the digital world and new technologies. The Bank designed a new **commercial loan platform** and devised a new architecture infrastructure reinforced with a

decision engine, BPM and microservices under which **fast risk assessment and loan disbursement project was enabled on a single platform**, which delivered an excellent banking experience to our sales and risk teams.

- In addition, the Bank launched a platform whereby its employees can perform all controls in a single place through **automatic checking of the drawers of customer cheques and bonds** received as collateral. On this platform integrated with cutting-edge technology, employees have the chance to monitor the decision outcomes of the transactions along with the details, while quickly carrying out their reviews.
- Also, the Bank continued to automatize **corporate processes, authorization and role management** functions **with respect to the needs of all stakeholders** in 2021.
- Having positioned sustainability as a main focus of its strategy, Garanti BBVA accordingly **keeps undertaking numerous activities targeted at all the components of the sustainability concept.**
- Based on the principles of location-independent service and **“paperless service”** aimed at preserving natural resources, **digital document approval structure** was added to Member Merchant, Credit Card and Salary processes. In addition, **customer contracts** that will continue to be used as hard copy were reviewed in terms of document design and were **redesigned in simpler formats that will consume less paper.** Furthermore, to facilitate corporate customers' experiences on digital channels, functions were added that **enable uploading financial data easily** through Internet Banking.
- During 2021, Garanti BBVA carried on with changes and improvements to the SME service models as well. **Winner of two international awards and launched in 2018 to offer a better banking experience, the C-CSR (Central Customer Services Representative) Project** allows operational transactions of SME customers in branches to be handled by a central expert team. While **operational transaction quality was enhanced** under this service model deployed across all branches with SME portfolios in 2021, **operational workload** on SME CRMs in branches is **alleviated**, customers are able to reach them every time they call, and receive support from the expert customer representatives. **210 C-CSRs servicing 753**

**branches** under the project **freed up their time to allocate it to analysis and marketing activities** of their SME portfolios and **further deepen in customer relationship management.**

#### Effective risk management through environmental and social impact analysis

Garanti BBVA developed **Environmental and Social Loan Policies (ESLP)** to minimize the indirect impact of the Bank's lending activities. First enforced in 2011, ESLP content was updated in 2016 with respect to projects subject to environmental and social impact assessment, and in 2021 with the addition of detailed content regarding

- Verification of Prohibited Activities and Customers,
- Preliminary Evaluation of Customer's Environmental, Social and Governance Performance,
- Carbon Pricing,
- Environmental and Social Impact Assessment Model (ESIAM),
- Occupational Health and Safety (OHS) Risk Assessment System,
- Deforestation Impact Management Process

based on Garanti BBVA's **sector-leading environmental and social risk management approach.**

You can access the [Environmental and Social Credit Policies on the Environmental, Social and Governance page of the Investor Relations website at \[www.garantibbvainvestorrelations.com\]\(http://www.garantibbvainvestorrelations.com\).](#)

For effective integration within the Bank and for promoting implementation of **ESLP**, Garanti BBVA provides information with the training video posted on its education platform, **Campus Garanti BBVA**. In 2021, **1,673 employees completed the training.**

At Garanti BBVA, **General Loan Agreements (GLA)** and **Banking Service Agreements (BSA)** of all customers, whether retail, SME, commercial or corporate, incorporate articles pledging **compliance with ESLP**. Commercial and Corporate Credit Risk Management, Retail and SME Credit Risk Management and

all associated business lines and/or Investment Banking and Finance Department are responsible for the implementation of ESLP.

**Demands for SME, commercial and corporate credits and project finance credits** received by Garanti BBVA are **first subjected to ESLP**, which are checked and handled in accordance with the Policy through the following steps:

- Information evaluation questions on the system is used to check whether the activity and customer for which credit is demanded is in the list of prohibited activities and clients and to verify their compatibility with **Garanti BBVA's Sector Principles.**
- Thorough assessment processes incorporating the **Environmental and Social Impact Assessment Model, OHS Risk Assessment System and Deforestation Impact Management Process** are carried out for financing activities meeting the defined amounts/transactions disclosed in the ESLP.
- **Environmental and social commitments** deemed necessary as a result of thorough assessment processes are **incorporated into the loan agreements, and periodically checked** to verify whether they are fulfilled.

Garanti BBVA 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, location, 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 meeting the defined amounts/transactions satisfy the **social and environmental standards required by legislation and the Bank's policies;** that the project owners undertake an **impact assessment**, and take determined measures, if necessary, and establish effective control mechanisms.

In 2021, 4 projects with a total loan amount of USD 185 million were subjected to the ESIAM process. To date, projects that were subjected to ESIA numbered 85, and thanks to the action plans based on these assessments, Garanti BBVA minimized the indirect impacts of its lending.

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A limited number of site visits were undertaken due to the COVID-19 pandemic. Site visits that could not be realized in 2020 were completed with four site visits in 2021. The audit scope of physical site visits is achieved by establishing more than 100 virtual meetings per year. In addition to that, Garanti BBVA contributed to improvement of environmental and social performances of various customers and financial institutions through providing 18 briefings about environmental and social issues in 2021.

## OUTLOOK

Carrying on with research and development without letup to guarantee an end-to-end smooth digital customer experience, Garanti BBVA brings products and transactions on different channels to users so as to provide a similar customer experience in keeping with its holistic experience approach.

The Bank designs a world where Garanti BBVA Mobile is the first contact point for customers providing first contact resolution. Garanti BBVA continuously works to perfect the remote onboarding experience, which is one of the Bank's main focus areas, identifies improvement areas and develops new solutions. By making Garanti BBVA Mobile the main contact point, the Bank is working to let its customers transact without needing any assistance thanks to the easy experience offered.

The Bank will continue to develop new products to understand customer demands and needs and to deliver the products they want at the right time, through the right channel and to increase its big data and advanced analytics studies to device suggestions centered around the user.

Targeting continued improvement of its analytical capabilities and real-time offer structures, thus increasing its solution delivery efficiency in 2022, Garanti BBVA aims to increase referrals from non-banking platforms. Thanks to UGI, Türkiye's first AI-based smart assistant, customers can talk or write to the virtual assistant when they have a problem while using the mobile app and easily find the necessary answer without leaving the platform. When needed, customers can exchange messages with customer representatives about many topics related to banking through the mobile app using the live support assistant service and perform their transactions. UGI determines the points at which customers need the live support assistant and connects the customer to the live support assistant to receive support, without exiting the app. Customers can finalize a transaction they initiated on the Mobile app without going to the branch or calling the call center again on the Mobile app and consummate their intended action in the fastest manner possible. Steps that would compel a branch visit for customers are identified and solutions adapted to the digital channels are developed for them. Branch-dependent procedures such as getting a password, limit increase etc. can now be easily completed digitally with technologies such as NFC, video call, and the like.

In 2022, Garanti BBVA is planning to launch My Banker SME remote service model which will allow fast and uninterrupted solutions by way of remote portfolio service.

In 2022, Garanti BBVA is planning to launch My Banker SME remote service model which will allow fast and uninterrupted solutions by way of remote portfolio service. The service model is intended to eliminate SME customers' need to make a branch visit, let them remotely handle their marketing activities and

banking transactions, and ultimately, enhance the experience delivered to customers and increase their product usage.

In 2022, the Customer Contact Center targets to enrich its portfolio with new products, to launch new structures focused on profitability and productivity while preserving Garanti BBVA's operational strength in addition to further improving the entire customer experience, in particular the Interactive Voice Response System. The Center also plans to act as a versatile support channel at any point needed by customers. In this process, the coming year will be a period of enhanced efficiency at every contact point making use of the sales potential, and further increased service efficiency and speed by capitalizing on digital opportunities entailed in the video call service. Garanti BBVA Customer Contact Center will also take its first steps in terms of structuring and processes in 2022 for creating the call center of the future through a completely remodeled perspective.

Garanti BBVA's operational excellence mission is to constantly improve and develop its business model through process automation, transaction convenience and enriched remote access services, and to keep introducing groundbreaking innovations for the employees, society, and the environment.

Shaping its operations based on the principles of location-independent service and "paperless service" aimed at preserving natural resources, Garanti BBVA will keep developing the designs facilitating digital experiences of its customers that it deems as business partners. The Bank will offer a more digital and leaner experience also on physical channels and will also add another link to its sustainability-oriented initiatives.

Aware of the important role operational maturity and excellence plays in the Bank's position in the sector, Garanti BBVA will carry on in 2022 with its initiatives to automatize processes, authorization and role management functions so as to cater to the needs of all its stakeholders.

Acting with operational excellence priority, Garanti BBVA is planning to work on alleviating the workload on customer

representatives within commercial banking service model, free up time to deepen in customer relationship management, and increase accessibility of branches by customers in 2022 under its strategy to centralize operational transactions via specialized teams.

In 2022, Garanti BBVA will continue to diligently implement the Environmental and Social Loan Policies (ESLP) designed to minimize the indirect impact of the Bank's lending activities in parallel with its commitments, and to evaluate and monitor compliance of all its customers.

# What Does Human-Centered Bank Mean?

**Didem Dinçer Başer**  
Executive Vice President  
Talent & Culture



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

## Investment

**37.4 hours training per employee and 11 well-being programs**

Human Centricity

## Engagement

**>27,500 ideas collected from employees through You Suggest platform**

Human Centricity

## Gender Equality

**58% of all employees, 40% of senior and middle level management are women**

Human Centricity

## Development

**95% of employees attended "Upskilling & Reskilling" trainings**

Human Centricity

# The Best and Most Engaged Team

4,999 20 min 10 customers

Related Topics	Value Drivers	Indicators	2020	2021
<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	47%	<b>41%</b>
		Hours training per FTE	31	<b>37.4</b>
		Programs for employee well-being	7	<b>11</b>
	<p>EMBRACE A FAIR AND TRANSPARENT MANAGEMENT POLICY BASED ON PERFORMANCE, FOCUSED ON EQUAL OPPORTUNITIES AND DIVERSITY, AND ENCOURAGES INTERNAL PROMOTION</p>	Women employees/total employees	58%	<b>58%</b>
		Salary ratio of women vs. men*	1.14	<b>1.11</b>
		Women ratio in senior/middle level management	40%	<b>40%</b>
	<p>FORM RESULT-ORIENTED TEAMS LIVING OUR VALUES, POSSESSING TEAM SPIRIT, ACTING WITH SHARED WISDOM, THINKING BIG, AND CARRYING SOCIAL RESPONSIBILITY</p>	Bloomberg Gender Equality Index	Qualified	<b>Qualified</b>
		Employee engagement score**	4.06	<b>4.22</b>
		High performer turnover	1.6%	<b>3.5%</b>
		Total ideas received from employees	25,000	<b>27,500</b>

\* Median value given, as average metrics is negatively affected by extreme values (i.e., very high/very low).  
 \*\* Scores from the annual employee engagement survey conducted by an independent audit firm concurrently at all BBVA countries are evaluated on a scale of 5.



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

Managing all its activities under the heading “Talent and Culture”, Garanti BBVA aims to create a **culture that every employee will be proud and happy to be a part of.**

## TALENT AND CULTURE

### EMPLOYEE HEALTH

Having identified **seamless service delivery** to the society, its stakeholders and customers as its primary responsibility being Türkiye’s leading financial institution, Garanti BBVA set **its top priority** as employee health, who ensure the permanence of this responsibility, and their needs in this respect.

#### What We Did in 2021

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 Our 2021 Material Issue: COVID-19.

### ADAPTING TO A TRANSFORMING WORLD AND NEW WORKING MODELS

In the wake of the pandemic, Garanti BBVA **quickly adapted to remote working**, and while benefiting from the flexibility and increased productivity resulting from remote working on the back of its experiences in this period, the Bank set **Hybrid Working Model** principles to maintain the advantages of cooperation, social interaction and learning from one another that come with working side by side as well.

#### What We Did in 2021

Garanti BBVA carried out its work and services **remotely** starting from **March 2020 to October 2021**, especially for roles allowing

working remotely in the Head Office departments, and also **achieved its goals** with this new way of working.

In addition to the developments in the world and in Türkiye, with the increase in the vaccination rates of the employees, within the scope of adaptation to the gradual normalization process, the new hybrid working order began implementing in line with the circumstances imposed by the pandemic in the period of **October-December 2021.**

In parallel with this transformation, the Bank switched to the **“shared clean desk”** format to align its offices to the new order and to ensure the most effective use. Through the **digital booking** solution developed in-house, employees began booking offices to use them.

In a bid to implement the hybrid working model so as to deliver **the best experience** to its employees, the Bank also improved all its Talent and Culture processes and practices. Moreover, Garanti BBVA designed **onboarding, leadership approach** fit for the new era, and the practices that will **boost productivity** and **support work-life balance** in a way to integrate them in the new working model.

Garanti BBVA aims to first **observe and analyze** how the hybrid working order and dynamics cater to the needs, and to further improve it through **feedbacks.**

### 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.

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.

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**.

The technical competencies defined let employees view the **degree of technical competencies** expected of their roles. Thus, they become aware of what is anticipated 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.

#### What We Did in 2021

With the **Development Portal**, Garanti BBVA launched a **user-friendly platform** for employees to effectively **focus on their development** and view their **competence and performance evaluation** results.

Garanti BBVA encourages **giving/receiving feedback continuously** and **development culture** through **quarterly development discussions** employees hold with their line managers. In addition, the **new leadership initiative** has been introduced which aims to bring a holistic approach to leadership visions of Garanti BBVA managers and which will help them progress through self-identification of development areas in relation to leadership.

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**.

Under **the employee-centric discussion model**, **8038** employees held **one-on-one discussions** with HR Consultants during 2021, and received **guidance** about HR topics, mainly concentrated in **career and development planning**.

#### LEARNING AND DEVELOPMENT

Garanti BBVA promotes continuous learning culture which fully prepares the employees for the **competencies of the present and the future** according to their needs.

#### What We Did in 2021

Garanti BBVA Training Center was rebranded **Campus Garanti BBVA**, and training and education activities were uniformed along with the system infrastructure to **cover all affiliates**.

Encouraging a culture of continuous learning, Garanti BBVA has combined all its educational activities under the umbrella of "Campus Garanti BBVA" as of 2021.

During 2021, **the digital learning platform was redesigned**. The new portal enables employees:

- **Track their learning performances more clearly** through the **Learning Status** by Data field,
- Access their training needs faster through learning **suggestions**,
- Reach a higher number of training content through the **smart search feature**.



In addition to the revamped digital training platform, Campus Garanti BBVA Training Center moved to Pendik location in June 2021, where it found a more compact and more modern setting.

In 2021, **141 new digital training packages** were added to the portal; including all affiliates, **6,300 webinars** were planned, and **87,970 employees** participated in the training programs. **Through gamified training solutions**, employees solved a total of **1,546,519 questions**, spent **16,124 hours** on apps and **digital training programs accounted for 41% of all training sessions in terms of hours**.

GETLingo portal integration was completed with the aim of supporting **English and Spanish** language development of all employees **at equal terms** and **3,079 employees** used the platform.

**10,291 employees** took part in **13 Let's Talk** live streaming episodes that hosted experts from relevant fields throughout the year.

Encouraging the culture of **learning from one another and information sharing** among employees, **"Let's Ask Someone Who Was There!"** event participated by **758 employees** was streamed live in December 2021.

**Data Training** programs continued in 2021 in keeping with Garanti BBVA's Data and Technology strategic priority, under which **24 Data Specialists** and **23 Data Scientists** were trained.

**116 employees** took part in the **Enabler Technologies Certification Program**, which once again included digital contents of the world's most prestigious universities, namely Columbia, Wharton, MIT, ELU in 2021.

**95%** of employees participated in **upskilling and reskilling** programs designed to bring about improved performance in employees' current jobs and to prep them now for the competencies of the future.

**Cash Management and Financial Analysis** Certification programs were added to the integrated career programs of **field teams**, in which **380 and 1,350 employees** from the relevant target groups received their certifications respectively.

**Talent programs** were redesigned with diverse contents, and **356 employees** attended these programs.

While **experience-driven leadership programs** were initiated on the one hand, **"Leadership Without Distance"** digital training program was introduced for the hybrid management environment for all the leaders on the other hand.

Within the scope of employee communication efforts, **weekly progress bulletins, monthly digital learning bulletins and monthly bulletins for Human Resources Consultants** were released regularly.

As part of stakeholder management, the first edition of the **"We are Talking Training at Campus Garanti BBVA"** summit was organized with 300 participants on 6 January 2021.

#### 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**.

### What We Did in 2021

Partnering with **Türkiye's leading universities** to attract **young talents**, Garanti BBVA reached **6383 students from 69 different universities** at events participated by its executives and employees in 2021. Identifying its management trainees and trainees at **Talent Camp** and **Talent Day** career events each year, Garanti BBVA recruited **68 new graduates** in 2021 and admitted **30 young talents** to a **one-month online internship** program. Holding its events directed at university campus events and talent camps through a dedicated website, Garanti BBVA **reached 3586 students via the online Campus platform**.

Focused on **developing its talents from within**, Garanti BBVA gives priority to internal career transitions for all vacant positions. Vacant positions emerging at Garanti BBVA Group companies are announced to employees via **Career Opportunities**. 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. Under the Garanti BBVA **Career Opportunities Policy**, managerial positions also began to be announced to employees from 2021.

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.

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**.

As part of global career opportunities, Garanti BBVA employees are offered the opportunity for **short-term assignments** that they can work for **one year on project-basis at BBVA Group** under the **Global Seed** program. **In 2021, three talents were assigned to project groups in Madrid within the scope of the Global Seed project.**

### EMPLOYEE DIALOGUE, PARTICIPATION IN MANAGEMENT AND SATISFACTION

Garanti BBVA 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**.

#### What We Did in 2021

Suggestion and idea platforms **Önersen, GONG, and Atölye**, and the **"Ask/Share"** section of the intranet portal serve as a means for Garanti BBVA employees to submit their suggestions and ideas. "Önersen" (You Suggest) platform has been instrumental in collecting **more than 27,500 ideas and suggestions** since 2007.

**More than 27,500 opinions and suggestions have been shared on the Önersen platform since 2007.**

Employing data-driven design in employee experience processes, 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 2021, Garanti BBVA earned **an employee engagement score of 4.22 on a scale of 5** according to the results of a questionnaire administered simultaneously by **an independent research company** at all BBVA countries.

2021 Employee engagement score of **4.22** on a scale of **5**.

In addition to this global survey, Garanti BBVA launched **Employee Experience Questionnaires** in 2021 to regularly seek employee opinions. The results of the questionnaire conducted **three times a year** are used to determine development areas and to formulate strategies. They also allow action planning and progress monitoring. Actions incorporating employee opinions also **improve engagement**.

Numerous **workshops** are realized with the employees **to exchange ideas** about new project developments and **to capture wishes and anticipations in the results**.

During 2021, the **Young Committee** started activities in an effort to better **hear the young employees' voices, to conceive ideas collectively**, and to improve employee experience. Numerous projects are intended to be put into life as a result of the work of project groups under the Committee.

Closely **observing the change in the dynamics of business life and the approach and expectations of employees to business life**, which started with the pandemic, in the world and parallelly in Türkiye, Garanti BBVA transforms its business model by leading in this area, manages its risks and opportunities.

With the change reflected in the expectations, needs, approaches and preferences of the employees, **the turnover rate of high-performing employees was 3.5% in 2021**. Within the scope of this development, which is in line with the foresight, Garanti BBVA will continue to closely follow trends, develop **the best practices, lead the transformation**, and work to **acquire and retain talent**.

### HEALTH AND SAFETY

Having given momentum to its efforts in relation to the health and safety of all our stakeholders including our employees, contractors, visitors and customers by forming a dedicated team in 2013 under Human Resources, Garanti BBVA has been carrying on with these activities via this organization which was repositioned as the **Occupational Health and Safety (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 Türkiye with a team of 46 occupational physicians, OHS experts, and occupational nurses.

#### What We Did in 2021

With its implementations in 2020 and 2021 endorsed by the **International Safety Award** given by the **British Safety Council**, one of the world's most eminent authorities in health and safety,

Garanti BBVA has been **the first in Türkiye's** finance sector to receive this award **for two consecutive years**. In addition, the Bank claimed the Best in Country award having been named **the best in the country** for the health and safety experience offered in 2021.

**The Bank claimed the Best in Country award having been named the best in the country for the health and safety experience offered in 2021.**

Garanti BBVA uses the **OHS software** that has been in use at all its locations since 2013 to coordinate its implementations. The system is used to record and manage all processes including **risk assessment, health monitoring, OHS Committees, case handling, emergency management, training and information activities, supplier management**, etc.

During 2021, numerous drills and practices were carried out across the Bank for the COVID-19 pandemic, as well as other emergencies. A great variety of emergency scenarios ranging from earthquakes to power outages, from civil commotion to pandemic were experienced as **end-to-end Business Continuity** processes. **The Emergency Management training** has been upgraded according to new needs and was shared with employees. A number of **improvement** actions were also taken in relation to the training and gear of emergency intervention teams.

During the pandemic, it has become critical to ensure **a health and safety awareness** of all stakeholders and to maximize protection procedures. Along this line, the **Supplier Management procedure was revised**, and assessments were made under different categories depending on the risk of the work to be performed. Technical assessments and implementation audits were conducted to drive **suppliers' conformity to the Bank's policies** and improvement of their processes.

In 2021, as was the case in 2020, the COVID-19 pandemic continued to be managed very **dynamically with data-driven decisions** using **daily data analyses**. Garanti BBVA remained the leading bank guiding the sector with the high rate of vaccination



among the Bank's employees, **physical and administrative measures** implemented in work spaces, promotion of employee awareness regarding health and safety risks during **work-at-home** periods, **thorough supplier management** processes, and digital developments such as the **integration of the Ministry of Health database and the Bank's own COVID-19 database**, while making its employees feel and experience that the Bank stands by its employees also through this rough patch and that we are better together.

#### Near Misses and Work-Related Accidents

**Near miss and workplace accident processes were also improved** to build on **the learning experience from each incident** including near misses, to complete the **root cause analyses** of incidents to seize improvement opportunities, and to reinforce communication flow during an incident.

In 2021, the **total number of incidents** at all locations including subcontractors was **120**. All incidents 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 66,147 days for women and 25,002 days for men in 2021. 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 0.02 in 2021.

#### Employee Benefits

Garanti BBVA offers various products and services to enhance its employees' quality of life. 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.**

#### INTERNAL COMMUNICATION, CULTURE AND EMPLOYER BRAND

With the goal of being **the employer of choice** in the banking industry and **an attractive brand** for its target audience in other sectors, Garanti BBVA seeks to introduce projects that attract

potential talents and to **increase employee engagement** through internal communication initiatives catering to its employees' needs. The Bank takes data-driven decisions and determines its actions accordingly to redefine a unique Garanti BBVA culture that will personally connect with existing and potential **employees to attract the right talents at the right time and to retain** them.

#### What We Did in 2021

Under the internal communication policy based on **providing timely and accurate information flow** to employees, Garanti BBVA focused on **live streaming and online events** in its communication initiatives in 2021 aside from 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.**

**"Ask/ Share"** forum section on the **intranet**, which enables employees to view instant messages transparently, were actively used throughout the year. **The use of this section increased by 45%** over 2020.

All **employee-oriented messages and activities** were carried out via **online** channels throughout 2021. As part of **COVID-19 normalization steps, from October to the end of December**, Head Office employees **returned to the office** for a maximum of **two days a week.** Since 100% in-office presence was not restored, **events and communication activities** continued to be held online.

The fourth **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, as was the case in 2020. In this edition of the event where **40% of Garanti BBVA employees actively participated**, idea workshops concentrated on the assessment of our priorities by teams through the theme **"what moves us". During the Values Day, more than 8,000 employees took part in workshops and generated over 150 ideas.**

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.** In 2021, motivational activities and treats within the scope of the program

were replaced by online activities. Open to all employees, these initiatives include **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 etc. The Bank and the employees respect **human rights.**

#### EQUAL OPPORTUNITY AND DIVERSITY

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

Women employees comprise **58%** of all employees and **40%** of senior/middle level management

At Garanti BBVA, **women employees comprise 58% 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 Türkiye to sign** them.

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

Having launched a **compulsory** training for all employees on the basis of an awareness planning in relation to Gender Equality that it focuses on within the scope of its **Community Investment Programs**, the Bank initiated a long-term investment program with the **EşitBiz Gender Equality training**, aiming to reach first its employees, followed by teachers who have a critical role in the community in this respect.

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 Türkiye to be included for six consecutive years in the Bloomberg Gender Equality Index** that covers 418 companies from 45 countries across the world.

**Garanti BBVA is the only company from Türkiye to be included for six consecutive years in the Bloomberg Gender Equality Index.**

#### What We Did in 2021

Aimed at empowering women leaders and increasing their recognition in internal networks, **Women Leadership Mentorship Program** continued for executives in 2021. To date, **more than 50 women executives received mentorship and more than 30 women furnished mentoring** under the program.

Within the framework of the **Domestic Violence Platform** Garanti BBVA has established in 2016 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 2021. During the pandemic, **awareness communication initiatives** were carried out as a reminder of the scope of the existing policy and the support hotline for the employees.

#### 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 Türkiye 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.

### Garanti BBVA's compensation policy is essentially based on "equal pay for equal work" and "pay for performance" principles.

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 **10.56% of the total personnel expenses** figure for the benefits provided in 2021 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 1.11.** 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, **489 women** employees went on maternity leave and **382 men** employees went on paternity leave. **88% of women employees who took maternity leave in 2021 are still working at the Bank.**

In 2021;

**489 women** employees and **382 men** employees went on paternity leave.

**88%** of women employees who took maternity leave in 2021 are still working at the Bank.

#### 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

The transforming dynamics in the world pushed the accessibility and mobility issues foremost within Garanti BBVA's approach to human resources. Since advancing technology made corporate digital platforms an even more important component of employee experience, Garanti BBVA will continue to introduce new services in 2022 on the Connect application launched in 2021, and will also put Connect Web app into service for its employees.

Garanti BBVA aims to upgrade these applications to a much more sophisticated level by converting them into a brand-new employee platform allowing employees to easily access all information about corporate processes and perform all related transactions on a self-serve basis.

Garanti BBVA digitalized its talent acquisition processes end-to-end also in 2021 and will move ahead to increase the number of its employees in 2022. The Bank aims to consolidate the recruitment process to reach the right candidates by creating a renewed set of selection tools both for experienced and inexperienced staffing needs. In the coming year, Garanti BBVA will continue to offer various international opportunities for its employees' career development, and will introduce short-term assignment in the context of international career opportunities. The Bank will back its global vision with steps that will foster international rotation opportunities in the medium- and long-term.

The Development Plan screen that will be newly introduced in the short-term will allow employees to set development goals for their competencies and track their progress throughout the year. Employees will be able to enrich their professional experiences and acquire new competencies with internal rotation programs.

In the medium-term, it is intended to deliver a holistic employee experience through increased integration of the technical and behavioral competencies that employees developed with their career and development processes. In the long-term, the goal is to let the employees manage all the products and processes they need in line with the self-devised development plans and offer them the opportunity to tailor their own career and development journey within the scope of the future human capital management concept.

In a bid to foster the learning culture and ecosystem in parallel with contemporary practices, it is planned to;

- Align global leadership programs with those of Garanti BBVA,
- Continue to upgrade the new education portal with respect to employee experience, in various ways from accessing via mobile platforms to gamification,
- Focus on initiatives seeking to deepen the experience of learning from one another.

New steps will be taken for enacting the corporate values at every opportunity, and for creating an egalitarian and inclusive culture. Thanks to Employee Resource Groups (ERGs), the Bank will collaborate with the employees toward the goal of creating a culture of diversity and inclusion. The numeric target of diversity will be supported while preserving the existing ratio of women employees and women employees in senior management.

Given the increased number of and need for wellbeing implementations, all wellbeing initiatives will be gathered under a single roof in 2022. The program to be offered through the web and the mobile app will be open to all employees.

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.

# How is Transformation Created?

**İlker Kuruöz**  
Executive Vice President  
Engineering & Data



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.



Agility

More than 400 teams including all of technology organization work with agile principles

Transformation



New Technologies

93 processes developed with Robotic Process Automation

Transformation



AI Solutions

With 62 projects 115 new machine learning and deep learning models integrated

Transformation



Awareness

108 education or informative activities in relation to external fraud

Transformation

# Data and Technology

5,175 21 min 10 customers

Related Material Topics	Value Drivers	Indicators	2020	2021
<p><b>#3 BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b></p> <p><b>#4 EASY, FAST &amp; DIY</b></p> <p><b>#5 CYBERSECURITY (CYBER ATTACKS, DATA THEFT, FRAUD...)</b></p> <p><b>#6 RESPONSIBLE USE OF DATA (DATA PRIVACY, RESPONSIBLE AI)</b></p> <p><b>#11 FINANCIAL HEALTH AND ADVICE</b></p>	<p>INCREASE THE AGILITY AND STRENGTH OF OUR TECHNOLOGICAL INFRASTRUCTURE AND PLATFORMS</p> <p>SPEED UP OUR SOLUTION PROCESSES WHILE MINIMIZING ERRORS THROUGH AI, MACHINE LEARNING AND BIG DATA INTERPRETATION, WHICH ARE IMPORTANT IN THE DAY-TO-DAY OPERATIONS OF THE BANK</p> <p>MAKE EFFECTIVE USE OF DATA ANALYTICS IN VARIOUS ASPECTS INCLUDING OFFERING THE RIGHT PRODUCT TO OUR CUSTOMERS, PRICING, RISK MANAGEMENT ETC.</p>	Programs for raising awareness of customer privacy and information security	9	17
		Cybersecurity training hours per FTE*	1,18	0,97
		Employees participating in cybersecurity training*	82%	70,9%
		Training or information provided on external fraud (Number)	95	108
		Number of UGI Smart Assistant Interactions	12.8 million	26.4 million
		Number of queries answered by Bilge (The Wise) and Kobilge (for SMEs) Employee Chatbots**	321 thousand	484 thousand
		Value-added projects using Big Data and Machine Learning	41	62
		Projects using Data Science Suite	-	15
		Number of Scenarios Activated Under Complex Event Processing Platform	56	104
		Number of Customer Behaviors Processed by the Complex Event Processing Platform	18 billion	25 billion
Number of RPAs in Production Medium	44	42		

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 implementations is presented below.  
 \*Calculation methodology has been updated for accurate measurement of training effectiveness. The number of trainings was increased, affiliates were added, trainings with 100% cyber security content were included in the measurement.  
 \*\* The indicator was redefined as total employee chatbots to incorporate the newly added Kobilge.



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 like CRM applications and segmentation, **innovative products and services, and a paperless banking environment**.

In our day, **digital transformation** and advancing technology made data acquirable, storable, and most importantly, processable, at every point of customers' contact with the Bank. **AI and machine learning** that can be embedded in any work process allow offering **smarter, differentiated and customized** experiences for customers.

As the increased prevalence of digitalization brings about a rapid change in the ways of doing business, needs and risks, organizations are required to quickly adapt and constantly update their Business Continuity Management Systems in order to provide uninterrupted service. To further increase the resilience of its business continuity system, Garanti BBVA keeps investing in its **business continuity and service resilience teams**. Efforts to this end include updating the Business Continuity Management System, executing disaster drills, restructuring end-to-end monitoring system and **supporting it with AI and**

**machine learning algorithms**, and setting up service resilience engineering teams.

Continuing to work towards ensuring **regulatory compliance** and fulfillment of the requirements of certifications and standards besides business continuity, Garanti BBVA 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 Türkiye (TBB), Information Technologies and Communication Authority (BTK) and Türkiye Informatics Industry Association (TUBISAD) to support their **cybersecurity** efforts.

At Garanti BBVA, agility means adaptation of the **agile methodology to generate business**. Currently, the Bank operates through **more than 400 teams** employing agile disciplines, the most notable within them being **100% of the technology organization**. 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. Improvement activities underlying the agile philosophy molded according to feedbacks from the projects that arise with the transformation will remain as the most important agenda for Garanti BBVA in the period ahead. While teams working with agile working principles will be created in business areas that are yet to initiate agile transformation, work is ongoing to increase the maturity level in those where transformation is in progress.

Garanti BBVA believes that **acquiring/co-innovating** with **fintech startups** is essential for Banking-as-a-Service (BaaS). This is crucial in terms of imposing startup culture into ways 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. Connected with the innovation ecosystem and entrepreneurs through the open **innovation concept**, Garanti BBVA collaborates with BBVA in the **Open Talent** competition and supports all kinds of innovation entrepreneurs from many countries.

Garanti BBVA'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 pave the way for the conversion of bright ideas into real products in the most sensible and profitable manner. This allows **simple but valuable improvements**, along with execution of **initiatives targeted at the bank of the future**.

**Garanti BBVA was able to continue all its work efficiently with the effect of having completed the agile transformation before the pandemic, its strong digital infrastructure and a single team culture.**

The pandemic has acted as a significant accelerator for digital transformation. During the pandemic, Garanti BBVA's unchanged priority has been the health of its customers, employees and their families, and guaranteeing business continuity. Garanti BBVA has been **one of the first companies to switch to location-independent working** which was enabled by its robust digital infrastructure. The Bank was able to sustain all its activities efficiently with the help of the **agile transformation** that had been finalized prior to the pandemic, its **robust digital infrastructure and one team culture**. Always turning a careful ear to its employees' expectations, the Bank aimed to deliver a **sustainable best employee experience**. Combining the **productivity** of teleworking and **face-to-face communication necessary for bonding socially**,

the **hybrid working model** began to be implemented successfully at the Bank, and it will become a major working model in the future, as well. Supporting its employees' **development** and their work-life **balance** and successfully offering them **flexible models**, Garanti BBVA will keep reflecting all its learnings and experiences in its business models, and keep working to bring the age of opportunity to everyone.

While quickly updating its remote access infrastructures according to current needs, Garanti BBVA also upgraded them to capture the general **security** principles. In line with these developments, the potential impact of DDoS attacks upon an organization's productivity (due to the risk of lost connection of tele-working employees making it impossible for them to do their jobs) has become much more remarkable. Thanks to the **pioneering investments** for **protection against DDoS attacks** in earlier years, Garanti BBVA was able to manage these risks successfully also in 2021.

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. In line with the new regulation that went into force in 2020, Information Systems Security team operates within an organizational structure whereby it reports its activities directly to the CEO.

**Garanti BBVA Cyber Security Center is positioned as a structure that can meet the needs of the future by working 24/7.**

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 continues to develop its strategies for preventing external fraud based on a proactive approach giving the foreground to customer experience. Customer Security and Transaction Risk Management Department works 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**. It continues to collaborate with its stakeholders to increase anti-fraud awareness and initiatives across the banking sector and other associated sectors, against fraud events. **It also closely monitors the ecosystem risks resulting from increased digitalization that accelerated in the wake of the pandemic** and keeps developing its analytical approaches and solutions through greater use of data.

#### 2021 ACTIVITIES IN BANKING SOLUTIONS CREATING VALUE THROUGH USE OF AI AND DATA ANALYTICS

Using the **RPA (Robotic Process Automation) technology** that has become a critical step of digital transformation since 2019, focus is placed on automatizing recurrent, time-consuming operational transactions with low added-value, managing them more productively, and delivering a **better customer experience** with **minimum errors** and **high speed**. This allows allocation of employees working in fields such as operation and support service to **more important and higher added-value tasks**. On another hand, process development continues rapidly for **utilization of the robots used at full-time capacity** within the scope of RPA initiatives.

In 2021, the primary focus of RPA technology use was on handling especially new tasks that would require additional resources. Under the Abacus 2.0 program, a tracking platform was created to **fulfill the needs of the hybrid working model**. In 2021, an additional **42 processes were put into production with RPA and automated**. Based on the work carried out within the scope of RPA, nearly 250 processes were identified to date, and the number of **processes** developed using RPA reached **93 in total**.

In 2021, **115 new machine learning and deep learning models** were integrated into Garanti BBVA systems in **62 projects**.

While enhancing customer satisfaction by offering **smarter, customizable solutions** for customers through the use of **Artificial Intelligence and machine learning** applications, Garanti BBVA also achieves **operational excellence** for business processes that will make a differentiation in decision support steps. In this context, **115 new machine learning and deep learning models in 62 projects** were embedded into Garanti BBVA systems in 2021. In these projects, the power of Artificial Intelligence was utilized in a number of areas including **improving customer experience, implementing effective pricing strategy, preventing fraudulent transactions and smartening up credit decisions**. Differentiating from conventional methods, deep learning, self-learning modeling approach, and automation of workflows and processes allow **precise determination of customer needs and timely delivery to customers**.

To expand **data-driven decision-making culture** and to steer the future, AI and machine learning were given a wider place within the Bank. Based on the "No-code/Low-code" approach, the so-called **Data Science Suite** was introduced, which is a fully internally developed platform from its design to its production. **Facilitating use of AI** in business areas on the basis of DIY approach, the platform smartens up business decisions, while **shortening the time for products and services to be put into use and allowing faster fulfillment of customer needs**. The number of **people with data science competency** in the Bank **doubled**. Value was created with 15 additional projects quickly enforced in 2021, and significant wins were secured in operational processes thanks to automations in the integration of the projects into the existing system.

With the **chatbots developed using Turkish natural language processing (NLP) and voice processing technologies**, Garanti BBVA makes it easier and faster for customers and employees alike to reach information, and increases operational efficiency. **While smart assistants answer a monthly average of over 2 million queries from customers, they respond to 40,300 queries on average for employees on a monthly basis.** This helps the DIY approach gain further ground every day. The chatbot **BILGE** (The Wise) used by central customer service teams supports **more than 1000 employees** by responding to nearly **35,500 queries per month**. Put into use for employees servicing SME customers from out of branches, regional offices, head office and C-CSR teams, the chatbot **KOBILGE** helps approximately **1,600 employees** find the answers to **nearly 4.8K queries every month**. In addition to responding to **484 thousand queries in 2021**, **employee chatbots** track all queries by the employees and employee feedback, which allows employees to reach the information they need quickly at a single location.

Put into use for employees servicing SME customers from, the chatbot **KOBILGE** helps approximately **1,600 employees** find the answers to nearly **4.8K queries every month**.

Garanti BBVA takes a stance aligned with the **National Artificial Intelligence Strategy (NAIS)** published in 2021 by the **Presidency of the Republic of Türkiye Digital Transformation Office**. The Bank continues to train AI experts and to create employment in this field in a manner that caters to this vision, while attaching importance to making a difference with its innovative character, increasing national and international partnerships, and producing high quality solutions by bolstering its technical infrastructure.<sup>1</sup>

<sup>1</sup> National Artificial Intelligence Strategic Priorities: Strategic Priority 1: Training AI experts and increasing employment in the domain / Strategic Priority 2: Supporting research, entrepreneurship and innovation / Strategic Priority 3: Access to quality data and technical infrastructure / Strategic Priority 4: Regulating to accelerate socioeconomic adaptation / Strategic Priority 5: Strengthening international cooperation / Strategic Priority 6: Accelerating structural and labor transformation

Within the scope of its Principles of Responsible Artificial Intelligence, Garanti BBVA is committed to Human Rights and non-discrimination in the solutions it develops in the field of big data and artificial intelligence.

Espousing **responsible AI principles** when developing solutions on Big Data and Artificial Intelligence, Garanti BBVA **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, ethnical origin, disability, religion, sexual orientation or political affiliation**.

#### 2021 ACTIVITIES IN DIGITAL BANKING SOLUTIONS

**Digital Onboarding:** Users can now become Garanti BBVA customers end-to-end digitally, without the need for a branch visit, under the **"Become a Customer"** flow that blends various technologies such as video chat, NFC, ID scanning with optical image scanning, and biometric verification and was launched on 01 May 2021 upon being developed in line with the BRSA's **"Remote Authentication"** regulation. In addition, "Become a Customer by Money Transfer" flow was also put into use for those wanting to become Garanti BBVA customers with their devices without NFC. Users following application flow for card or loan products via [www.garantibbva.com.tr](http://www.garantibbva.com.tr) can complete the 'Become a Customer' flow and get a credit or debit card product beside becoming a Garanti BBVA customer.

**Users who are not Garanti BBVA customers can become Garanti BBVA customers in an end-to-end digital environment without the need to go to a branch.**

**Financial Health:** The Financial Health program launched on Garanti BBVA Mobil application presents completely **personalized insights** to help the customers better monitor their finances, be **prepared against unexpected situations**, and build on their financial planning skills by acquiring **saving-up capability**, as well as planning for today. Suggestion mechanisms are developed where necessary to improve customers' financial health; once they are achieved, new suggestions and plans are created to help keep them motivated.

In this context, **different financial insights** were developed. In 2021, My Status page offering **financial health tips** was visited by **3.5 million customers on average per month**. To help its customers save up, Garanti BBVA suggests **proactive monthly spending plans** to specific customers. With the spending plan, customers can view the suggested expenditure amounts in related categories and the savings potential, create a plan and track their expenses categorically. All Garanti BBVA customers can view their expenses on the basis of categories under the Earnings/Spending step on the My Status page, set their saving-up items and create a spending plan.

**In 2021, My Status page where financial tips are in offer was visited by an average of 3.5 million monthly customers.**

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 expenses 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. With the **"Virtual Card Auto Top Up"** rule, the virtual card limit is topped up to the limit set by the customer every time they make a purchase

using the virtual card. Garanti BBVA keeps working to add new functions to Smart Transactions.

**Increased ATM functionality:** For increased accessibility and transacting volume purposes, cash withdrawal was enabled from all ATMs featuring the **TR Karekod** (Turkish 2D Code) symbol using Garanti BBVA mobile app and from all Garanti BBVA ATMs using the mobile app of any other bank. In addition, **shopping payment, FAST** (Instant and Continuous Transfer of Funds), **intra-bank money transfer, EFT and account QR** capabilities aligned with the TR Karekod standard were launched on Garanti BBVA Mobil. These features allow making payments and withdrawing cash using the mobile app without carrying a physical card, and making money transfers without the need for such information as IBAN, account no. etc.

With the aim of contributing to the protection of nature through **reduced paper consumption, preferred receipt** feature offered to the Bank customers after performing a transaction on ATMs is made available also for **non-Bank customers**.

**G-Matic - Lobby ATM Integration:** To reduce the density at counters in branches, customers were referred to the in-branch ATMs for cash withdrawals/deposits below TL 5,000, for which normally a queue number was required.

**LiveChat:** Used upon being transferred by Garanti BBVA Mobile's smart assistant UGI, **Live Chat** was made **available for use by all customers** in 2021. During the reporting period, **170 thousand customers** performed their transactions by receiving live support within the mobile app.

The annual number of UGI interactions reached **26.4 million**, and its correct understanding and accurate referral rate increased to **83%**. Today, **more than 650 thousand** customers a month actively communicate with UGI.

**UGI:** Since April 2016 when Garanti BBVA's smart assistant first said "hello", 6.3 million customers had more than 63 million interactions with UGI. Upon addition of texting capability in July 2020, the usage ratios of UGI surged by **70% on a monthly basis**, while the number of **yearly interactions** reached **26.4 million**. At present, more than **650 thousand customers** actively communicate with UGI monthly. Approximately **300 thousand messages** from an average of **75 thousand** users per month are provided fast and accurate solutions via the Bank's other chatbots on WhatsApp and Facebook Messenger. 8% of Garanti BBVA's monthly contacts with customers occur via live support assistants. Overall, Garanti BBVA progresses in line with its strategy of being the main center of customer experience by enriching its mobile app with live support.

#### New services bringing increased digital channel functions to corporate customers:

- The need for corporate customers' branch visits was minimized by enabling disbursement of **Commercial Loans** (Bank Overdraft Accounts, Spot, Discounts) via digital channels.
- **Forward transactions** can now be performed via Garanti BBVA Internet channel so that customers assigned a derivatives limit will be less affected by exchange rate fluctuations.
- Financial data (e.g. **trial balances and advance tax returns**) quarterly required from customers assigned a credit product can now be **uploaded** via Garanti BBVA Internet channel. Documents so uploaded are notified to customer portfolios for their further follow-up.
- **Accounts with other bank(s)** can now be defined via Garanti BBVA Internet, and the **balances and movements** in these accounts can be viewed on a single screen together with Garanti BBVA accounts.
- **Document approvals** required to be taken in connection with salary protocols can now be given digitally.
- Member Merchant owners can now view **card transaction objections** raised against them, take action therefor, and follow up the outcomes of these actions on digital channels.
- Non-resident banks can access their Vostro accounts and handle their own cash flows via digital channels.

#### New digital banking solutions for SME customers:

- In 2021, Garanti BBVA began offering e-loans using **new commercial loan pricing algorithm** through digital channels to its SME customers.
- Transition was made to **new income/limit estimation models** using data analytics and learning modeling techniques. The transition gave increased access to SME companies and partner customers to products and financing instruments that will support their financial health and cash flows.
- Additionally, the new commercial loan pricing algorithm put into use at all branches from 2021 allows **custom-specific pricing** with more viable models that consider customers' risk and collateralization assessments.

#### Utilization of smart algorithms in product and service provision to customers:

Looking at 2021 activities in relation 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, behaviors of Garanti BBVA customers on any channel or in branches can be detected both instantly and on the basis of trails on the system and the **best-fitting action can be** taken in real time. At present, through **104 scenarios** launched on the Ruler platform, behaviors of **an average of 8 million customers daily** can be processed through digital channels and branches, and **2 million customers can be contacted directly**. The platform **processed** approximately 18 billion customer behaviors in 2020, and **25 billion** in 2021, **up by 35%**.

At present, through **104 scenarios** launched on the Ruler platform, behaviors of **an average of 8 million customers daily** can be processed through digital channels and branches, and **2 million customers** can be contacted directly.

**ARK Platform:** The work on ARK Platform, which allows development of 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, commenced in 2019, and the first application was taken into production on the platform by mid-2020. Upon the transformation initiated in 2021, **45 applications** were taken into production; through these applications, **12% of transaction load** of the existing architecture was **transferred to the platform**. In the period ahead, the transformation will continue to expand, and the platform will gain broader usage.

During 2021, 48% of the developer resource within the ARK Project was trained with new platform capabilities. Assigned System, Software, Architecture, Security, Design and Network teams were bolstered with **2,418 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 and Analyst program, and received **a total of 14,861 hours of training** under the program that covered four subcategories, namely, **Front End, Back End, Batch and Big Data and API Development**.

#### 2021 ACTIVITIES IN ENTERPRISE SECURITY

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, Sifrematik device for generating one-time passwords, SMS OTP, Mobile Notification, Voice Biometric Verification and "Contactless Customer Acquisition" methods upon the introduction of the new ID cards 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. 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.

In 2021, **17 programs** were organized to raise awareness of customer privacy and information security

In 2021, **17 programs** were organized to raise awareness of **customer privacy and information security**. With the increasing number of trainings and added affiliates, the **rate of employees who completed** the Information Security, Information Security in the Digital World and Phishing Attacks & Protection Methods **trainings within the scope of cyber security was 70.9%**, and the **training hour per full-time employee was 0.97**.

Garanti BBVA offers its customers **security information** regarding digital banking through its website and Alo Garanti BBVA telephone 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. Thorough work is undertaken within the frame of **alignment with the Personal Data Protection Law**, and new projects are being introduced to further upgrade data security practices. 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 services, 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. Under the Information Security Regulation issued by the BRSA, Information Security Committee led by the CEO meets twice a year, resulting in faster attainment of information security targets.

**Investments in security infrastructure continued uninterruptedly against the cyber threats that evolved and increased in the wake of the COVID-19 process.** Through deployment of the new technologies acquired in the field, their integration with

other technologies, and feeding the information resulting from these developments as input into cyber incident management processes, existing preventive security capabilities were further upgraded. Automation capabilities within existing security infrastructure and processes were increased, and operations became more productive.

In view of the implications of increased digitalization during the pandemic, Garanti BBVA kept working towards preventing fraudulent attempts dynamically in line with its strategy, and building on existing data-driven initiatives. Basing its efforts in this vein on its customer-centric approach as always, the Bank aims to **prevent both the Bank's and the customers' potential financial and reputational losses**.

For providing its customers with a more secure experience, the Bank continued put into life development opportunities according to current needs. For this purpose, priority was given to **integration of new technologies, increasing analytical methods, process automation and personnel training**. Important steps were taken in relation to **data governance and stakeholder partnerships**. In particular, the initiatives completed in line with the goal of "alliance with customers" against fraudulent methods and risks that directly target customers and attempt to extract information using various methods are anticipated to contribute significantly to customer security and to frictionless transaction experience alike. Garanti BBVA continues to increase the channels and methods used for informing its customers about fraud trends and important considerations.

**108 Foreign Fraud training and information activities were carried out through announcements/alerts, virtual education and information meetings/emails and live broadcasts.**

As part of education and awareness initiatives in 2021, Garanti BBVA undertook **108 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

The solutions offered to problems in the banking sector constantly evolve into approaches entailing more modern methods. Deep learning and transfer learning algorithms will be used increasingly in different business areas. Processing visual data, extracting the embedded texts, and making sense of them with natural language processing will also become more and more common. With these, it will become even more important to understand how projections are produced, and the algorithms providing the explicability of estimations will be used at an increasing extent. In addition, value creation will be targeted through work to be performed using the graph theory and the technologies developing around it.

Another area of focus will be rendering the works carried out on data and analytics customized, automated, interactive and dynamic, and making the insights acquired usable by everyone across the Bank.

In 2022, it is planned to revamp the Branches-Abacus communication platform using RPA (Robotic Process Automation) and AI elements. While it is targeted to increase employee focus on high value-added tasks, work will be undertaken to offer error-free and speedy service to customers based on a holistic approach.

Using the DIY approach, it is planned to increase the users and usage of AI in Smart Assistant chatbots and to work towards enhancing employee experience in 2022.

On the part of the ARK Platform that 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, transformation is targeted to continue and further expand, and to transfer 18% of the transaction load on the existing structure to the new platform in 2022.

While upgrading of existing products within the constantly updated Digital Onboarding continues, it is also intended to make more users Garanti BBVA customers end-to-end digitally with the addition of different flows.

In 2022, Garanti BBVA will keep spending efforts to ally with customers on the back of process security approach and dynamic risk management against the evolving and increasing fraud risks in the ecosystem, and continue to work towards providing a convenient and frictionless environment to its customers for them to fulfill their financial needs. The Bank will continue to offer the setting for secure transacting of its customers with its fraud risk management systems bolstered with state-of-the-art technology, data governance models and analytical methods, and its competent team. It is anticipated that information sharing among different sectors and institutions will gain importance for preventing external fraud risks within the ecosystem.



# What is Achieved if Risk is Managed?

**Murat Atay**  
Chief Credit Risk Officer



Video



Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

*Impact*

**Managing Environmental and Social Risks associated with financing activities**

Risk Management

*Durability*

**Establishing risk appetite and limits to carry out strategy confidently**

Risk Management

*Solidity*

**Managing change through macro economic scenarios and stress tests**

Risk Management

*Prudence*

**With 66% coverage 3.6% Non-performing Loans Ratio**

Risk Management

# Internal Systems Governance

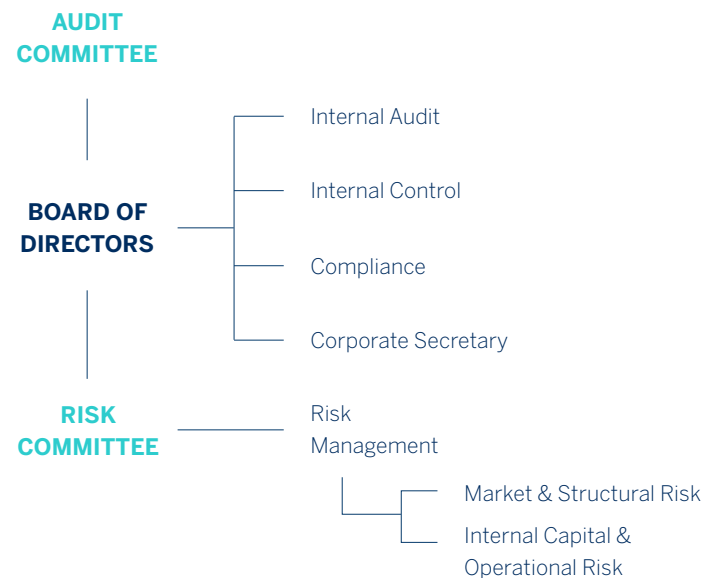
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The Risk Committee is constituted by the members of the Board of Directors, and is responsible for overseeing risk management policies and practices, their alignment with strategic goals, capital adequacy and planning, and liquidity adequacy, as well as the management’s ability to assess and/or manage various risks inherent in the operations.

Risk Management is composed of the Internal Capital and Operational Risk Department and the Market and Structural Risk Department under the execution and management of the Head of Risk Management, and Validation, Credit Risk Control and Risk Management Control functions.

The responsibilities of the Head of Risk Management are outlined below:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, and make sure that an integrated risk management system is implemented which measures all of the Bank’s risks collectively, which guarantees that limits determined in connection with the risk appetite approved by the Board of Directors are not breached, which is in compliance with applicable legislation, the Bank’s strategies and policies, and which pursues risk-return relationship and entails control and validation activities,
- Define, measure, monitor and report risks, and ensure that all control activities are conducted thoroughly and timely; monitor and supervise results.



The responsibilities of the Internal Capital and Operational Risk Director are outlined below:

- Propose operational risk, reputation risk and risk appetite principles which are then set down by the Board of Directors,
- Ensure that all operational risks are covered by the first and second lines of defense,
- Conduct measuring, monitoring and analysis activities for risk appetite, operational risk, regulatory liquidity and regulatory capital adequacy; report their results regularly to relevant units, committees and senior management,
- Coordinate the ICAAP (Banks’ Internal Systems and Internal Capital Adequacy Assessment Process) workflow,
- Oversee affiliates’ adherence to Enterprise Risk Management Framework.

The responsibilities of the Market and Structural Risk Director are outlined below:

- Propose market, counterparty credit, liquidity, structural interest rate and exchange rate risk principles which are then set down by the Board of Directors; review and update the same,

- Carry out risk-based measuring, modeling, monitoring and analysis activities; report their results regularly to relevant units, committees, and senior management,
- Perform market, counterparty credit, structural interest rate, exchange rate and liquidity risk-based activities within the scope of ICAAP, stress testing and risk appetite framework, and risk assessment for new business and products/services; monitor and report risk-based concentrations,
- Monitor affiliates’ adherence to Enterprise Risk Management Framework.

## THE INTERNAL AUDIT DEPARTMENT

The activities of the Internal Audit Department are planned and executed with the aim of providing reasonable assurance about the effectiveness of risk management and control systems.

Multi-year audit plans are prepared according to the priorities that are defined in line with this aim. The scope and priority of on-site and remote audits to be conducted are determined based on the results of continuous risk assessments. The dynamic planning made ensures a thorough and continuous oversight of the main risk exposures of all business lines and subsidiaries, and the domains and focal points that are exposed to those risks. The audit scopes, quarters and the workforce to be allocated for audits are revised if deemed necessary according to the changes in risks.

The Internal Audit Department always aims to be a leader in realizing the best practices in internal audit. The Agile Methodology employed with a high maturity level in audit activities enables more efficient utilization of the workforce, enhanced risk-based approach, and production of high added-value results. It also allows uninterrupted continuation of the internal auditors’ rapid adaptation to the post-Covid-19 new normal.

The Internal Audit Department carries out internal and external quality assurance studies in relation to its activities. Intensive and systematic finding follow-up is made to remediate the deficiencies reported by the Internal Audit Department. The role

of the Internal Audit Function as not only focusing on the past but also foreseeing potential risks and guiding the future becomes more and more prominent across the Bank. As part of this role, the Internal Audit Department also carries out advisory activities focused on various areas in addition to assurance audits. The Internal Audit Department uses data for all its activities and carries out most of the audits as focusing on the data. The team of auditors comprised of data scientists with modeling capabilities and data specialists with advanced data analysis capabilities is further strengthened by the day. Audit projects that employ advanced analytics and modeling such as machine learning, image processing and text mining are conducted successfully.

The Bank losses resulting from internal fraud continue to remain low. The use of artificial intelligence by the Internal Audit Department for fraud detection is among the pioneering practices in the sector. Internal fraud detection that relies on rule-based monitoring are backed by machine learning by using as basis the past incidents.

The Internal Audit Department supports the professional development of the auditors and encourage them to obtain professional certifications and to complete graduate and post-graduate programs. These efforts made in parallel with the Internal Audit Department’s development and talent management strategies serve to increase the depth and quality of the audits performed.

## THE INTERNAL CONTROL UNIT

The Internal Control Unit is responsible for the establishment and coordination of a sound internal control environment within Garanti BBVA. The Unit ensures that banking activities are carried out in accordance with the management strategies and policies in a regular, efficient and effective manner within the existing regulatory framework and guidelines.

Roles and responsibilities that are assumed within the scope of the Operational Risk and Control Model that is structured at the Bank according to the three lines of defense principle are fulfilled

by internal controllers who report to the Internal Control Unit. Accordingly, it is guaranteed that duties are separated functionally, powers and responsibilities are shared, a system of concurrence is established, risks exposed by business units are defined and quantified, and necessary controls are designed and carried out. Along the first line of defense, a structure that challenges the adequacy and quality of designed controls for business processes is operated with an approach that encompasses the Bank's all branches, regional offices and Head Office departments and financial subsidiaries.

Within this structure, inspection and control activities are conducted by means of on-site or remote control methods for the Bank's branches and regional offices, in addition to all Head Office departments. Besides control activities, assistance is lent to devising the training programs aimed at building on the operational risk awareness of the Bank's employees, some of which are delivered directly by internal controllers specifically to the employees working in branches.

Additionally, the IT Internal Control Function is also fulfilled, where IT Risk Control Specialists team set up under the Internal Control Unit oversees that the Bank's IT activities are carried out securely and within the rules defined by the Bank. A dedicated team coordinates the internal control teams assigned to financial subsidiaries and supervises that the Bank's norms are implemented consistently across all affiliates.

Findings and suggestions resulting from the activities are reported to relevant parties and necessary actions are followed up by systemic mechanisms and the Committees that make up the governance mechanism.

The Operational Risk Admission and Product Governance Committee Secretary that reports to the Internal Control Unit – Outsourcing Risks Team coordinates the process incorporating the definition of risk exposure resulting from new initiatives (business/product/service, process/technology transformations, and outsourcing including support/appraisal services), establishment of an effective control environment necessary to mitigate those

risks, and taking risk mitigation measures. In addition, service procurements that fall under support services regulation and risks and controls stemming from outsourcing are also considered and monitored by the Outsourcing Risks Team.

The Internal Control Unit is also responsible for verifying that the internal control environments of the Bank's financial subsidiaries are adequately outfitted in terms of structure and functionality. In this context, teams that are responsible for the control function serve at the relevant subsidiaries; internal control teams are assigned to ensure healthy operation of the control environment at the Bank's consolidated subsidiaries in accordance with the applicable legislation. Regular meetings are held with these teams, and related teams periodically report to the Internal Control Unit.

### THE COMPLIANCE DEPARTMENT

Working with the purposes of managing the potential compliance risks of the Bank and of identifying and preventing these risks in advance, the Compliance Department aims to help improve the compliance culture constantly across the Bank. The Compliance Department carries out the following tasks.

The Compliance Officer Team performs the following duties:

- Carry out all necessary efforts to achieve the Bank's compliance with the regulatory framework concerning prevention of money laundering and countering the financing of terrorism, and provide necessary coordination and communication with the Financial Crimes Investigation Board (in Turkish: MASAK),
- Supervise the compliance of the companies within Garanti BBVA financial group that are obliged to achieve compliance with the MASAK legislation,
- Ensure that the Financial Group Compliance Program and the Bank Compliance Program which is prepared in harmony with the former are executed; prepare and conduct sub-policies and procedures accordingly,
- Prepare the annual training program on anti-money laundering and countering financing of terrorism, and follow-up its implementation,

- Looks into and evaluate information on potentially suspicious transactions that it receives or becomes aware of; report any transaction that it deems to be suspicious to the Financial Crimes Investigation Board (MASAK),

In terms of compliance activities regarding customer products and services, assessments are made on the compliance of products and processes to applicable regulations. Activities are carried out in relation to compliance controls in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks. The control mechanisms in place are monitored with respect to compliance of the Bank's current and planned activities, new transactions and products with the laws and the Bank's policies. The processes are monitored for any necessary revisions according to regulatory changes, related employees are notified on such changes.

As part of corporate compliance activities, the Compliance Department is responsible for promoting awareness of Code of Conduct, Anti-Corruption Policy, and Competition Policy, encouraging due execution of these policies, ensuring development and dissemination of the procedures for execution, and offering advisory for resolving any hesitations that may arise during the implementation of the policies and procedures. The Compliance Department also manages the Whistleblowing Channel, which is generally used to report any noncompliance to Code of Conduct. In the process where the identity of the person who reported is kept confidential, all reports received are processed carefully and promptly, ensuring they are investigated and resolved.

Securities compliance activities encompass examination of suspicious transactions within the scope of the Capital Markets Board (CMB) Communiqué on Obligation of Notification Regarding Insider Trading and Manipulation Crimes. Procedures are established regarding own-account trading and use of privileged information by the Bank or subsidiary employees who may have insider information or periodic information about capital market instruments or issuers in connection with the

performance of their jobs. In addition, relevant legislation and internal guidelines are also followed up.

The Compliance Department also monitors the compliance activities at the Bank's affiliates and overseas branches. In this respect, personnel responsible for the compliance function are assigned at affiliates and overseas branches. Compliance activities and potential risks are supervised regularly through regular meetings and periodic reports.

The activities carried out for achieving compliance with the legislation on the Protection of Personal Data are also coordinated by the Compliance Department. In this context, the Department directly supports the related departments for ensuring that personal data are processed in accordance with the legislation, possible data breaches are prevented, processes are designed in line with this goal and with the legislation, and necessary technical and administrative measures are taken.

The Assurance Function set up under the Compliance Department carries out specific control activities and inspections on process that compliance risk at the Bank and its affiliates according to risk assessment results, and evaluates the adequacy of the control mechanisms in place.

In performing all of its duties and responsibilities outlined above, the Compliance Department continues to work in coordination primarily with the Internal Audit Department, Internal Control Unit, Training Department, Customer Security and Transaction Risk Management Department, Legal Department and Customer Experience Management Department, as well as other relevant units.

# Risk Management

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Garanti BBVA measures and monitors its risk exposure on consolidated and unconsolidated bases by using methods compliant with international standards, and in accordance with the applicable legislation. Advanced risk management tools are utilized in measuring operational risk, market risk, structural interest rate risk, exchange rate risk, liquidity risk, counterparty credit risk and credit risk.

The Bank's risk management strategy, policies and implementation procedures, and the tools and models employed for risk management are reviewed within the framework of regulatory changes and the Bank's needs.

Through the risk appetite framework created, the Bank determines the risks that it is prepared to take based on the predicted capability of safe handling of risks so as to achieve the goals and strategic objectives as defined by the Board of Directors. Risk-based limits are monitored regularly using risk appetite metrics pertaining to capital, liquidity, and profitability.

Risk Management handles the preparation of the ICAAP (Banks' Internal Systems and Internal Capital Adequacy Assessment Process) report by coordinating the related parties, which will be submitted to the BRSA. In addition, the stress test report is submitted to the BRSA, which addresses how the Bank's three-year budget plan and results might alter within the framework of predetermined macroeconomic scenarios, as well as their impact upon key ratios including the capital adequacy ratio.

## IDENTIFIED RISKS AND OUR RESPONSE

### Reputational Risk

The Bank defines the risks and risk factors in dimensions such as customer-centeredness, workplace, ethics and citizenship, finances, and leadership, as well as a map in which it prioritizes the Reputational Risks it faces, together with a set of action plans to mitigate these risks. The risks are then governed through the relevant committees. Reputational Risk is managed according to the relevant policy approved by the Board of Directors.

### Environmental And Social Risk

Environmental and Social Risks associated with financing activities that could result in adverse impacts on the environment and society are governed through methods and procedures that transcend international practices and in a way that covers the entire credit portfolio.

### Operational Risk

Operational Risk covers processes, internal and external fraud, technology, human resources, business practices, disasters, and suppliers, and is managed on the basis of the three lines of defense approach within the framework of risk management policies approved by the Board of Directors.

### Market Risk

Market Risk is managed by measuring and limiting risk in accordance with international standards, allocating sufficient capital and minimizing risk through hedging transactions within the framework of the policy approved by the Board of Directors.

### Structural Interest Rate Risk

Within the scope of the policy approved by the Board of Directors, to determine and manage the Bank's exposure to Structural Interest Rate Risk arising from potential maturity mismatches in its balance sheet, duration gap, economic value of equity (EVE), economic capital (ECAP), credit spread risk sensitivity, net interest income (NII), earnings at risk (EaR) are monitored by measuring market price sensitivity of securities portfolios followed up in the banking book.

### Structural Exchange Rate Risk

The potential impact of negative exchange rate fluctuations upon the capital adequacy ratio and FC risk-weighted assets are regularly followed up, monitored according to internal limits, and reported within the scope of Structural Exchange Rate Risk within the framework of the policy approved by the Board of Directors, in the case that the Bank performs material operations in currencies other than the local currency in its balance sheet or maintains positions for shareholders' equity hedging purposes.

### Liquidity Risk

Liquidity Risk is managed within the framework of liquidity and funding risk policies approved by the Board of Directors under the supervision of ALCO and the Weekly Review Committee in order to take appropriate and timely measures in case of liquidity squeeze arising from market conditions or the Bank's financial structure.

### Credit Risk

Credit Risk management is carried out within the framework of the policies approved by the Board of Directors and covers all credit portfolios. Outputs from scorecard models and internal risk rating models, which were developed using statistical methods based on historical data, are incorporated into relevant lending policies and procedures. Risk-adjusted return systems and limits are actively used as risk management tools. Stress tests and scenario analyses are employed to evaluate solvency. Measurement methods are developed for credit concentration risk and capital requirement is calculated.

### Counterparty Credit Risk

Measurement, monitoring and limit creation activities for Counterparty Credit Risk are managed in accordance with the policy, which is approved by the Board of Directors and encompasses strategy, policy, and procedures.

### Country Risk


Under the Country Risk policy approved by the Bank's Board of Directors, methods compliant with international norms and local regulations are employed to evaluate and monitor developments in country risk on the basis of individual countries, and related reporting, control and audit systems are established as necessary.

### Concentration Risk

The Bank defines and monitors Concentration Risks on the basis of different types of risks or individual risks, which might result in material losses that would endanger the ability to sustain fundamental activities or the financial structure or lead to a significant change in the risk profile, within the framework of the policy approved by the Board of Directors.

### Risk Management in Affiliates

The Bank coordinates the related risk management units/functions to determine the needs for risk management of consolidated affiliates and to ensure that required studies and reports are managed.

 Detailed information about the risks identified by Garanti BBVA is accessible on the website by clicking the relevant link.

## MONITORING OF IMPORTANT DEVELOPMENTS WITH RESPECT TO RISK MANAGEMENT

In 2021, regulatory changes, macroeconomic environment, their impact with respect to the Bank's risk management framework and the Bank's compliance with regulatory indicators were monitored closely at the Risk Committee level and within the Bank's risk appetite as part of risk management activities. In the process, Risk Committee members and Audit Committee members were promptly informed of regulatory changes and their implications, in addition to regular committee reporting. No regulatory limits were breached in terms of risk management framework monitoring.

As part of risk management, operational risk incidents were followed up, root cause analyses were performed, and necessary actions were taken to avert recurrence.

Furthermore, development of liquidity and structural risks were watched more closely on a daily basis using Early Warning Indicators, monitoring reports and detailed analyses conducted, thus, ensuring proactive and effective management of risks.

Steps were taken to increase automated risk reporting in view of the diversity of risk reporting and constantly growing needs.

## Strategic Priorities

FINANCIAL  
HEALTH

- Financial advisory to our customers to help them make the right/healthy financial decisions
- Offer our customers solutions and suggestions that cater to their needs so as to help them attain their goals
- Deliver an excellent customer experience by placing the customers at the center of all our activities
- Build long-lasting relationships with customers and be their trusted partner

## SUSTAINABILITY

- Positively influence customers, decision-makers and the sector being the leading bank in sustainability; continue to support raising increased awareness of this matter
- Increase the diversity and use of our sustainable products offered to customers
- Observe climate change-related risks and opportunities; integrate them into our business processes and risk policies
- Focus on community investment programs which deliver impactful outcomes on material topics and observe impact investment principles

REACHING MORE  
CUSTOMERS

- Expand our customer base and deepen our customers' relations with our Bank
- Be wherever our customers are; make effective use of new channels including digital customer acquisition and partnerships
- Grow in areas of focus while monitoring risk and cost

OPERATIONAL  
EXCELLENCE


- Constantly build on our business model in various ways including process automation, transaction convenience and enriched remote services, etc.
- Increase end-to-end digital solutions, continue to improve experience through investments in our digital platforms
- Use capital effectively and maximize our value creation while focusing on sustainable growth
- Constantly improve our business model and processes with operational efficiency point of view while pursuing cost and revenue synergies
- Effectively manage financial and non-financial risks

DATA AND  
TECHNOLOGY

- Increase the agility and strength of our technological infrastructure and platforms
- 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
- Effectively use data analytics in various areas such as offering the right product to our customers, pricing, risk management, etc.

THE BEST AND MOST  
ENGAGED TEAM

- Invest in our human capital with a focus on their development, happiness and well-being in order to ensure work-life balance
- Form teams nurturing our values, possessing team spirit, acting with shared wisdom, thinking big, are socially responsible and result-oriented
- Adopt a fair and transparent management policy based on performance, focused on equal opportunities, diversity and internal promotion

 Detailed information on Internal Systems Managers and Anti-Fraud, Information Security and Risk Management, Data and Business Analytics Managers can be found in the Download Center page on the report web site.

 Mega trends and Garanti BBVA's response to relevant risks and opportunities are addressed in the Opportunities and Risks section.

## Main Risk Areas

## REPUTATIONAL RISK

ENVIRONMENTAL AND  
SOCIAL RISK

## OPERATIONAL RISK

## COUNTRY RISK

## MARKET RISK

STRUCTURAL INTEREST  
RATE RISKSTRUCTURAL  
EXCHANGE RATE RISK

## LIQUIDITY RISK

## CREDIT RISK

COUNTERPARTY  
CREDIT RISK

## CONCENTRATION RISK

RISK MANAGEMENT IN  
AFFILIATES

# Audit Committee's Assessment

## of the Operations of Internal Control, Internal Audit and Risk Management Systems

 878  4 min  2  committee

The Audit Committee convened seven times in 2021.

Internal Audit Department, Internal Control Unit, Compliance Department and Risk Management attended all meetings. Financial Reporting and Accounting Department, Taxation Department, Finance Operational Risk and Control, External Audit Team, and other related departments of the Bank also attended the meetings, when necessary.

The Committee oversaw the effectiveness and adequacy of the Bank's internal systems, internal audit and risk management. The Committee also oversaw the operation of accounting and reporting systems in line with the applicable regulations, and the integrity of the resulting information.

The Audit Committee carried out the necessary preliminary assessments for the selection of external audit companies, rating companies, appraisal companies and support services providers by the Board of Directors; regularly monitored the activities of these companies and periodically informed the Board of Directors.

The Committee reviewed the results of continuous risk assessment, and internal audit plans of the Internal Audit Department. The Committee verified that the scopes of audits covered the Bank's current and planned operations and resulting risks. The Committee has ensured that the audits are prioritized quarterly, and reviewed and approved the changes that are needed to be made to the audit plans.

The Internal Audit Department reported the major findings identified to the Audit Committee throughout the year. The Committee monitored the measures adopted by the heads of related departments based on the of audit reports, followed up closely the developments in relation to actions that are failed to be taken by the target deadline, and ensured that the material issues were reported to the Bank's senior management. The Committee evaluated the professional education levels and adequacy of the Internal Audit Department members through quarterly activity reports. The Committee informed the Board of Directors regarding all internal audit activities.

The Audit Committee reviewed the results of the Internal Control Unit's activities and assessed whether these activities adequately covered the Bank's processes with pursuant to the applicable legislation and internal policies. The Committee also examined routine controls, the activities carried out by the Unit in accordance with its process control procedure and the results of the Committees for which the Unit acts as the secretary. The Internal Control Unit reported the material issues identified with controls to the Audit Committee throughout the year. The Unit also informed the Audit Committee about the quarterly activity reports presented to the Board of Directors. The Audit Committee monitored the measures taken by the relevant department heads in relation to the activities of the Internal Control Unit and whether these measures are adequate.

The Compliance Department reported major Compliance and Ethics issues to the Audit Committee throughout the year. The Committee oversaw the results of the compliance activities carried out across the Bank and its subsidiaries through the Compliance Department's reports and presentations, and ensured that material issues were submitted to the Bank's senior management and/or Board of Directors. The Audit Committee was informed about the amendments made to the legal, regulatory or supervisory frameworks related to Compliance and Ethics, as well as their implications for the Bank and its subsidiaries. The Audit Committee also assessed the training and awareness raising programs on topics falling under the responsibility areas of the Compliance Department and the current progress of the training sessions within the scope of these programs. The Audit

Committee also monitored the results of the tests conducted to verify the execution level of risk mitigation measures and controls in terms of the management of compliance risk, and the current status of actions taken in relation to findings identified with and made regarding these tests.

The Risk Management Department reviewed the risk appetite metrics for capital adequacy, profitability and asset quality, and metrics and limit thresholds by types of risks for monitoring and managing market, counterparty credit, structural interest rate, structural exchange rate, liquidity and operational risks and submitted them to the approval of the Risk Management Committee, Risk Committee and the Board of Directors. Realizations in relation to approved risk appetite core metrics and limits were reported to the Audit Committee on a quarterly basis. Stress tests and scenario analyses were performed along with internal calculations on the basis of risk types within the frame of ICAAP (Internal Systems and Internal Capital Adequacy Assessment Process of Banks) and stress test report pursuant to the regulations published by the BRSA. Validations performed for models and parameters that are taken into account in ICAAP calculations were presented to the Audit Committee. The compliance of the risk models used by the Bank with the internal ratings -based (IRB) approach was monitored and their use by the Bank were assessed. The credit risk models monitoring report drawn up accordingly was submitted to the Audit Committee. The Audit Committee was informed about the activities of the Risk Management Department and evaluated the professional training and competencies of the employees through quarterly activity reports. Review reports on market, counterparty credit, structural exchange rate and interest rate, liquidity and non-financial risks were presented to the Audit Committee. Important regulatory changes and regulatory framework governing risk management were monitored and the Audit Committee was informed about them on a regular and continuous basis.

The Audit Committee reported its activities carried out during each six-month period and their results to the Board of Directors twice during 2021.

# Risk Committee's Assessment

**of Risk Management Policies, Their Implementation and Management of Various Risks That the Bank May Be Exposed to**

 547  2 min  1  risk

2021 has been a year in which the global economic activity remained robust despite the constraining effects of COVID-19 pandemic. Starting from second half, with the spread of vaccination and the easing of pandemic restrictions, recovery in the related sectors which were adversely affected by the pandemic were facilitated and domestic demand has improved. This led to an increase in loan demand as well. Along with the recovery in economic activity, demand and cost factors, supply constraints in some industries, increase in international commodity prices and exchange rate developments had an impact on inflation. Under these circumstances the Bank also continued to pay utmost attention to preserve its prudent, transparent and forward looking approach in the risk management activities. In addition, the necessary measures and actions have continued to be taken within the scope of the current Occupational Health and Safety and Business Continuity practices across the Bank, and new risks arising from this situation have been managed in the most effective way.

The impact on the Bank's capital adequacy and liquidity, and asset quality were closely analyzed and risk metrics were closely monitored via regular reporting, as well as instant monitoring and stress tests. As the need for provisioning decreased in 2021 compared to the previous year, the Cost of Risk ratio decreased, and the Bank maintained its profitability while continued to allocate free provisions for potential risks. As a result of the strong growth in collections, debt sales and write-down of non-performing loans and the growth in loan portfolio, the Bank-only non-performing loan ratio, which was 4.6% at the end of 2020, stood at 3.78% at the end of 2021. In the period ahead,

with the policies and tools that enable decision-making, the Bank targets to manage nonperforming loans portfolio by focusing on efficient recovery strategies and also evaluating the options for write-down and sale of non-performing loans. With respect to liquidity, evolution of the risks have been more closely monitored and effectively managed via daily monitoring reports and Early Warning Indicators.

Within 2021, Bank's risk management activities were continued to be carried out with the target of maintaining a moderate risk profile, a robust financial position and a sound risk adjusted profitability throughout-the-cycle, as the optimal way to face adverse situations without jeopardizing the strategies. Within the framework of the risk appetite and risk based polices approved by the Risk Committee and the Board of Directors, in 2021, the Risk Management continued to improve its measurement, reporting and management tools, where risks were measured via advanced methods, reported to relevant committees and senior management in order to determine strategies and take decisions, considering compliance with local and international standards and practices. Projects have been undertaken for this purpose towards more automated and advanced processes and enhanced data quality. With the coordination of the Risk Management, reports including the results of Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), which were integrated with risk appetite, stress tests and budget processes, were approved by Risk Committee and the Board of Directors. Based on their scope, the affiliates were reviewed by the Risk Committee in order to ensure a consistent risk culture throughout the organization.

The Risk Committee held 11 meetings in 2021 in order to assist the Board of Directors.

# Reporting on Corporate Governance and Sustainability Principles Compliance

463 2 min 2 governance

Türkiye Garanti Bankası A.Ş. ("Garanti Bank" or "Garanti" or "the Bank" or "Garanti BBVA") complies with the Corporate Governance Principles set out by the Banking Legislation, Capital Market Legislation, as well as the Turkish Commercial Code and other applicable legislations, and pays the utmost attention to implement these principles. Garanti BBVA accordingly updates its annual reports and website, making them available to its stakeholders. The shareholders can access comprehensive information, get information about the latest developments and activities from the regularly updated Garanti BBVA Investor Relations website, and can address their questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.

In keeping with Garanti BBVA's commitment to corporate governance principles, information about the Bank's compliance with non-mandatory principles under the Corporate Governance Communiqué numbered II-17.1 is provided under the related headings of the **Corporate Governance Principles Compliance Report**. In addition, disclosures within the scope of Sustainability Principles Compliance Framework as per the Communiqué (no: II.17.1a) amending the **Corporate Governance Communiqué** (no. II.17.1)" whereby necessary additions were made on 02 October 2020 to Articles 1 and 8 of the Corporate Governance Communiqué are provided under the related headings.

The Corporate Governance Committee, responsible for overseeing compliance with corporate governance principles and for ensuring that relevant improvement efforts are carried out at the Bank, was established in February 2013, pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué Serial: IV-56 on the Determination and Implementation of Corporate Governance Principles issued by the CMB, which was effective at the time. **In 2021, the Committee held 3 meetings with full participation of its members. The Board of Directors deemed that the activities**

**performed by the Corporate Governance Committee in 2021 were efficient, appropriate, adequate and compliant with the relevant legislation.** The activities of the Corporate Governance Committee are presented in detail on the Investor Relations website, under the Committee heading in the Environmental Social and Governance section. On the other hand, Garanti BBVA, during 2021, achieved compliance with all of the mandatory principles of the Corporate Governance Communiqué No. II-17.1. Along with non-mandatory principles, Corporate Governance Principles Compliance Status and Sustainability Principles Compliance Status are summarized in the tables below.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATUS

Section	Full Compliance	Partial Compliance	N/A	Exempted	No Compliance
Shareholders	15	0	1	0	1
Disclosure and Transparency	5	0	0	0	0
Stakeholders	20	0	0	0	1
Board of Directors	19	3	1	0	2
Total	59	3	2	0	4

## SUSTAINABILITY PRINCIPLES COMPLIANCE STATUS

Type	Full Compliance	Partial Compliance	N/A	To Be Evaluated
General	11	1	0	0
Environmental	25	1	0	0
Social	16	0	0	0
Governance	6	0	0	0
Total	58	2	0	0

As per the Corporate Governance Communiqué, you may access the Corporate Governance Principles Compliance Report, which also includes the disclosures within the scope of Sustainability Principles Compliance Framework, under the Download Center at [www.garantibbvaannualreport.com](http://www.garantibbvaannualreport.com)

Garanti BBVA received its first **Corporate Governance Rating** in 2014. Within the scope of the rating service that continues to be received by JCR Eurasia Rating, the score for compliance with Corporate Governance Principles **increased from 9.14 in 2014 to 9.79 in 2021**, and the Outlook was determined as **Positive**. The Bank continues to be included in the Borsa İstanbul Corporate Governance Index as the score is above the threshold score of 7. Compliance levels under the four weighted sub-sections, in compliance with the relevant regulations of the Capital Markets Board, are as below:

Main Sections	Weight	10.12.2021
Shareholders	25%	9.67
Disclosure and Transparency	25%	9.85
Stakeholders	15%	9.86
Board of Directors	35%	9.81
Total		<b>9.79</b>

Corporate Governance Principles Compliance Report

Sustainability Principles Compliance Report

Corporate Governance Principles Compliance Status

Corporate Governance Principles Information Form

Corporate Governance Rating Report

Changes in the Organizational Structure

Support Services Providers

Important Developments Regarding 2021 Operations

You may find detailed information about each subject by clicking on the relevant heading and under the Download Center at [www.garantibbvaannualreport.com](http://www.garantibbvaannualreport.com).

Members of the Board of Directors

CEO and Executive Vice Presidents

Committees and Policies

Internal Systems Governance

Risk Management

Risk Committee's assessment of risk management policies, their implementation and management of various risks that the bank may be exposed to

Audit Committee's assessment of the operations of internal control, internal audit and risk management systems

Internal systems managers and corporate security, data and business analytics managers

# Garanti BBVA's Ratings

Garanti BBVA is rated by Fitch Ratings, Moody's and JCR Eurasia. The Long Term LC and FC ratings of Garanti BBVA assigned by JCR Eurasia Ratings represent investment grade.

## CORPORATE GOVERNANCE RATING

JCR Eurasia Ratings (Outlook: Positive)  
Overall Compliance Score: 9.79

Garanti BBVA is included in the Borsa Istanbul (BIST) Corporate Governance Index by achieving an overall corporate governance score of 9.79 assigned by JCR Eurasia Ratings for its superior compliance with Capital Markets Board Corporate Governance Principles.

SECTIONS	WEIGHT	SCORE
Shareholders	25%	9.67
Disclosure and Transparency	25%	9.85
Stakeholders	15%	9.86
Board of Directors	35%	9.81

## CREDIT RATINGS

### FITCH RATINGS

(FEBRUARY 2022)  
(Outlook: Negative)

Long Term FC **B**  
Long Term LC **B+**

### MOODY'S

(DECEMBER 2020)  
(Outlook: Negative)

Long Term FC Deposits **B2**  
Long Term LC Deposits **B2**

### JCR EURASIA RATINGS

(SEPTEMBER 2021)  
(Outlook: Stable)

Long Term International FC **BBB-**  
Long Term International LC **BBB**

For detailed information on Garanti BBVA's ratings, their definitions, rating and outlook actions, please refer to Ratings Section of Garanti BBVA Investor Relations website.

# Profit Distribution

We propose our esteemed shareholders the profit of TL 13,073,306,354.00, which is generated in the 76th fiscal year of the Bank, to be distributed as detailed in the table below in accordance with the "Article 45 - Distribution of the Profit" of the Articles of Association of the Bank and the Head Office to be authorized to conduct the operations regarding the issue.

Sincerely,  
Board of Directors

## 2021 DISTRIBUTION OF THE PROFIT TABLE

(Turkish Liras)

NET PROFIT	13,073,306,354.00
A - 5% for the 1 <sup>st</sup> Legal Reserve Fund (TCC 519/1)	0.00
<b>B - First dividend corresponding to the 5% of the paid up capital</b>	<b>210,000,000.00</b>
C - 5% Extraordinary Reserve Fund	643,165,317.70
<b>D - Second Dividend to Ordinary Shareholders</b>	<b>1,097,331,000.00</b>
2 <sup>nd</sup> Legal Reserve Fund (TCC 519/2)	109,733,100.00
The other funds have to be kept in the Bank (CIT 5/1/e)	57,207,091.34
D - Extraordinary Reserve Fund	10,955,869,844.96

## INFORMATION ON DIVIDEND PAYOUT RATIO

GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE (NOMINAL VALUE: TL 1)	
	Cash (TL)	Bonus Share (TL)	Ratio (%)	Amount (TL)	Ratio (%)
<b>GROSS(*)</b>	-	1,307,331,000.00	10.00	0.31127	31.12693
<b>NET</b>	-	1,176,597,900.00	9.00	0.28014	28.01424

\* Tax withholding in the rate of 10% shall not be deducted from the cash dividend payments made to full taxpayer institutions and limited taxpayer institutions that generate income in Türkiye via offices or permanent representatives.





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## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of T. Garanti Bankası A.Ş.

### Qualified Opinion

We have audited the annual report of Türkiye Garanti Bankası Anonim Şirketi (the "Bank") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set consolidated and unconsolidated financial statements for this period.

In our opinion, except for the effects of the matter described in the Basis For Qualified Opinion section of our report, the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2021 and 31 December 2021 dated 2 February 2022; the complete set of consolidated and unconsolidated financial statements of the Bank as at 31 December 2021 include a general reserve of total of TL 7.500.000 thousands, of which TL 2.850.000 thousands was recognized as expense in the current period and TL 4.650.000 thousands had been recognized as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general reserve is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements

We have expressed a qualified opinion on the complete set of consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2021 and 31 December 2021 on 2 February 2022.



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### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

- The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated and unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly indicate the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Bank's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion .

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
  
Murat Aşan, SMMM  
Partner

3 March 2022  
İstanbul, Türkiye



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## INDEPENDENT LIMITED ASSURANCE REPORT

### To the Board of Directors of T. Garanti Bankası A.Ş.

We were engaged by T. Garanti Bankası A.Ş. (hereinafter “Bank” or “Garanti BBVA”), to provide independent limited assurance on the “Selected Information” contained in Appendix A.1 in the Integrated Annual Report of Garanti BBVA (hereinafter “the Report”) for the year ended 31 December 2021.

The scope of our assurance is limited to the Selected Information listed for Garanti BBVA below:

- Total Yearly GHG Emissions in tCO2e reported under scope 1 and 2 of the GHG Protocol (Revised Edition)
- GHG Emissions Intensity in the reporting period
- Annual percentage change in GHG Emissions Intensity
- Total Yearly GHG emissions from business air travel – Scope 3 & Air Travel in Kilometers
- Total Yearly Avoided Emissions due to operational renewable energy projects under loan from Garanti BBVA
- Total Yearly Energy Consumption by Source
- Total Yearly Water Consumption by Source
- Total Yearly Waste Generated (Recycled Hazardous and Recycled Non-hazardous)
- Environmental & Social Impact Assessment Process related to projects financed by Garanti BBVA:
  - o Number of assessed projects in 2021
  - o Number of rejected projects in 2021
  - o Risk rating of the assessed projects in 2021
  - o Number of project site visits conducted during 2021
- Renewable energy portfolio:
  - o Amount of investments in renewable energy projects by type as of the reporting period end
  - o Installed capacity of renewable energy projects by type as of the reporting period end
  - o Garanti BBVA’s market share of operational installed wind capacity in Türkiye as of the reporting period end
- Materiality Analysis
- Sustainability Governance
- Total monetary amount of community investments in the reporting period
- Cardless Transactions from Garanti BBVA ATMs:
  - o Total number of cardless transactions from Garanti BBVA ATMs in the reporting period

- Women employee ratio:
  - o Senior+Middle Management
  - o Total women employee
- Number of maternity leaves
- Number of paternity leaves
- Ratio of women employees returned to work after maternity leave
- Absentee Rate
- Number of Clients (Total, Digital Banking and Mobile Banking) as of the reporting period end
- The amount of climate sustainable finance
- The share of electricity consumption sourced from renewable generation.

### Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Garanti BBVA’s Reporting Guidance as described in Appendix A.1 of the Report, and the information and assertions contained within it; for determining the Garanti BBVA’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Garanti BBVA complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9 Levent 34330 İstanbul  
Tel +90 212 316 6000 Fax +90 212 316 6060  
www.kpmg.com.tr

### Our responsibilities

Our responsibility is to carry out a independent limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of Garanti BBVA's processes for determining the material issues for Garanti BBVA's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Garanti BBVA.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.



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### Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in Appendix A.1 of the Report of Garanti BBVA for the year ended 31 December 2021 is not presented, in all material respects, in accordance with the Garanti BBVA's internally developed reporting criteria as explained in Appendix A.1 of the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Garanti BBVA in connect with reporting to Garanti BBVA and for no other purpose or in any other context.

### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Garanti BBVA, for any purpose or in any other context. Any party other than Garanti BBVA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Garanti BBVA for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,  
Partner  
İstanbul, 3 March 2022

# Statements of Responsibility

## IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ISSUED BY THE CAPITAL MARKETS BOARD

T.Garanti Bankası A.Ş.'s the year-end Annual Report for the period 01.01.2021 - 31.12.2021, prepared in accordance with the Communiqué On Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board, has been reviewed by us:

- Within the framework of our duties and responsibilities in the Bank and the information we have, we declare that the year-end Annual Report does not include any untrue statement on material events or any deficiency which may make them misleading as of the date of statement,
- Within the framework of our duties and responsibilities in the Bank and the information we have, we declare that the year-end Annual Report honestly reflects the progress and the performance of the business and the financial position of the Bank together with the significant risks and the uncertainties faced.

Sincerely,

**RECEP BAŞTUĞ**  
General Manager

**AYDIN GÜLER**  
Executive Vice President

**JORGE SAENZ-  
AZCUNAGA CARRANZA**  
Audit Committee Member

**AVNI AYDIN  
DÜREN**  
Audit Committee Member

**BELKIS SEMA  
YURDUM**  
Audit Committee Member

## STATEMENT OF RESPONSIBILITY IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ISSUED BY THE CAPITAL MARKETS BOARD

T. Garanti Bankası A.Ş.'s the Unconsolidated and Consolidated Financial Statements and the Independent Auditor's Report for the period 01.01.2021 - 31.12.2021, prepared in accordance with the Communiqué On Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board, have been reviewed by us:

- Within the framework of our duties and responsibilities in the Bank and the information we have, we declare that the Unconsolidated and Consolidated Financial Statements and the Independent Auditor's Report do not include any untrue statement on material events or any deficiency which may make them misleading as of the date of statement,
- Within the framework of our duties and responsibilities in the Bank and the information we have, we declare that the Unconsolidated and Consolidated Financial Statements and the Independent Auditor's Report honestly reflect the truth relating to the Bank's assets, liabilities, financial position, profits and losses.

Sincerely,

**RECEP BAŞTUĞ**  
General Manager

**AYDIN GÜLER**  
Executive Vice President

**JORGE SAENZ-  
AZCUNAGA CARRANZA**  
Audit Committee Member

**AVNI AYDIN  
DÜREN**  
Audit Committee Member

**BELKIS SEMA  
YURDUM**  
Audit Committee Member

# Financial Reports and Appendix

You can access the Financial Reports and Appendix by clicking on the relevant heading or through the Download Center in the 2021 Integrated Annual Report website at [www.garantibbvaannualreport.com](http://www.garantibbvaannualreport.com)

Unconsolidated Financial Report

Consolidated Financial Report

APPENDIX A.1: Reporting Guidelines for the Non-Financial Disclosures

APPENDIX A.2: Scope and Boundaries of the Materiality Analysis

APPENDIX A.3: Environmental Performance Data

APPENDIX A.4: Environmental & Social Impact Assessment Process Indicators in 2020

APPENDIX A.5: TCFD Disclosure Table

APPENDIX A.6: UNEP FI Principles for Responsible Banking Impact Report

APPENDIX A.7: UNGC and WEPs Principles Analysis According to GRI Standards Content

APPENDIX A.8: GRI Standards Content Index "In Accordance"- Core Option

# Contact Information

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Swift: TGBATRIS

## WEBSITE

[www.garantibbva.com.tr](http://www.garantibbva.com.tr)

## TRADE REGISTRY NO

159422

## DOMESTIC BRANCHES

Garanti BBVA has 863 domestic branches in 81 cities as of 2021 year end. Information on domestic branches is available on the Bank's website.

## INFORMATION ON SOCIAL MEDIA

You may follow Garanti BBVA on Facebook, Twitter, Instagram, YouTube and LinkedIn.

[www.facebook.com/GarantiBBVA](https://www.facebook.com/GarantiBBVA)

[www.twitter.com/garantibbva](https://www.twitter.com/garantibbva)

[www.instagram.com/garantibbva](https://www.instagram.com/garantibbva)

[www.linkedin.com/company/garanti-bbva](https://www.linkedin.com/company/garanti-bbva)

[www.youtube.com/garantibbva](https://www.youtube.com/garantibbva)

[www.twitter.com/garantiyesor](https://www.twitter.com/garantiyesor)

## OVERSEAS BRANCHES

### TURKISH REPUBLIC OF NORTHERN CYPRUS - LEFKOSA BRANCH

Bedrettin Demirel Caddesi  
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### TURKISH REPUBLIC OF NORTHERN CYPRUS - GIRNE BRANCH

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### TURKISH REPUBLIC OF NORTHERN CYPRUS - GAZIMAGUSA BRANCH

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### TURKISH REPUBLIC OF NORTHERN CYPRUS - GUZELYURT BRANCH

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### TURKISH REPUBLIC OF NORTHERN CYPRUS - KUCUK KAYMAKLI BRANCH

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## MALTA BRANCH

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## REPRESENTATIVE OFFICES

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