

CUSTOMER EXPERIENCE

 6,852  33 min  10  customers



Customer experience has always been one of the main pillars of Garanti BBVA's strategy. Garanti BBVA strongly believes that companies delivering compelling experience are and will become the most successful ones in their industries. Customer experience is even more important in today's hyper changing environment accelerated by technology. Boundaries between industries have already blurred, and digital business models create the new norms for all business areas. Solutions that delight customers easily become the standard not for a specific category but for all. Therefore Garanti BBVA regards customer experience as the most important element for strengthening its competitiveness and differentiating it in its industry.

Garanti BBVA has a solid and long-run strategy built on a combination of technology and human factors, which are the key determinants of our age. The Bank executes its customer experience strategy with the aim of making customers' lives easier, looking after their financial well-being, helping them make informed financial decisions, advising them to grow their businesses in a sustainable manner, and finally, bringing financial services to everyone.

Customers' needs and expectations are continuously evolving and reshaping in line with technological advancements. But common ground stays the same: they want

to experience shortened and frictionless journeys saving their time, smarter solutions supporting their well-being and personal connection which they enjoy. This understanding shapes all of Garanti BBVA's customer experience management efforts. The Bank wants its customers to be happy for having chosen to work with it. Building a good customer experience is one of the top strategic priorities and indispensable passions for Garanti BBVA's senior management as well. The Customer Committee established for this purpose convenes under the chairmanship of the CEO to discuss customer experience topics. The Committee defines the Bank's customer experience strategies and it is also responsible for realizing and ensuring continuous effort aimed at enhancing experience at every touch point and improving performance.

In 2019, Garanti BBVA continued to regularly receive feedbacks from customers for understanding the status of current customer experience and generating customer insight. Based on these feedbacks, the Bank designed 40 new projects to build on its products and services.

Helping its customers maintain their financial health is a key topic that Garanti BBVA puts emphasis on, and works to constantly improve through new ideas, projects and initiatives. Facilitating access

to financial services through all its channels, Garanti BBVA ensures that its customers are informed about their financial positions, and have full control over their finances. The Bank offers solutions to improve their financial well-being, by providing information about savings to customers with the potential to save up, and about loan products to customers needing loan products to better manage their cash flows, as the case may be.

With its responsible banking approach, Garanti BBVA shares advantages and possible risks of products and services. Hence, Garanti BBVA 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 seeks to build long-term and sustainable relations that are built on trust.

Garanti BBVA has a variety of goals: besides producing solutions for their financial needs, the Bank aims to support the growth and resilience of SMEs, women entrepreneurs and startups, who are key to sustainable development of the economy, and to help them improve their environmental, social and ethical performance.

Through Garanti BBVA Partners Acceleration Program, the Bank helps flourish the entrepreneurial ecosystem in

Turkey, and aims to support and accelerate early startups and initiatives with the potential to attract investment and grow.

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

entrepreneurs build new collaborations and penetrate new markets through experience and information sharing that they need.

The objectives of Garanti BBVA also include provision of innovative solutions and advices to customers to grow their businesses sustainably. The Bank provides its stakeholders such as its customers and non-governmental organizations with information about the most current topics related to sustainable business models such as innovative environmental,

social and governance practices in Turkey, governance models, green financing options, risks stemming from digitalization, new trends in non-financial reporting, transparent reporting, and environmental risk perception in the insurance industry.

By focusing on customer experience, Garanti BBVA is actively contributing to Sustainable Development Goal 5: Gender Equality, Goal 8: Decent Work and Economic Growth, Goal 9: Industry, Innovation and Infrastructure, Goal 10: Reduced Inequalities.

| VALUE DRIVER | INDICATOR | PERFORMANCE | |
|--|--|-------------|------------|
| | | 2018 | 2019 |
| OFFER CUSTOMERS AN EXCELLENT CUSTOMER EXPERIENCE BY PLACING THEM AT THE CENTER OF ALL ACTIVITIES AND EFFORTS; DESIGN PROCESSES FROM THE CUSTOMERS' PERSPECTIVE, VESTING THEM IN A SWIFT, EASY AND PLAIN FORMAT; HAVE LONG-LIVED RELATIONSHIPS WITH CUSTOMERS THAT ARE BUILT ON TRUST BY EXCEEDING THEIR EXPECTATIONS AND ENHANCING THEIR SATISFACTION | Customers ¹ | 16,378,165 | 17,639,895 |
| | Target Customers Surveyed ² | 7.87% | 9% |
| | Feedback Received ³ | 942,000 | 1,068,000 |
| | Products or services that are changed and developed through customer feedback | 38 | 40 |
| | Net Promoter Score ⁴ (Ranking) | #1 | #2 |
| ALWAYS BE TRANSPARENT, CLEAR AND RESPONSIBLE TOWARDS THE CUSTOMERS | New and upgraded products, services and channels that aim to support the customers in terms of managing their financials | 3 | 5 |
| | Customers informed about their financial positions | 85% | 85% |
| | Disabled-friendly Garanti BBVA ATMs | 5,210 | 5,214 |
| HELP THE CUSTOMERS IN MAKING INFORMED DECISIONS THROUGH SUPPORTING FINANCIAL LITERACY, HEALTH AND INCLUSION IN THE SOLUTIONS OFFERED | Women who attended women entrepreneurship events and Garanti BBVA has helped to enhance financial awareness (cumulative) | 9,720 | 10,250 |
| | Customers that started using saving products | 850,000 | 943,541 |
| OFFER INNOVATIVE SOLUTIONS AND ADVISE THE CUSTOMERS TO GROW THEIR BUSINESSES IN A SUSTAINABLE MANNER | Site visits on Environmental and Social issues to customers | 37 | 29 |
| | Environmental and Social workshops and conferences | 3 | 11 |
| | SME initiatives (incl. apps and events) | 6 | 10 |
| | Topics addressed/discussed in workshops and conferences | 29 | 15 |
| | Women Entrepreneurs encouraged to apply WE Awards (cumulative) | 36,908 | 38,450 |
| Customers and financial institutions informed on Environmental and Social issues ⁵ | 33 | 16 | |

1 Excludes customers with inadequate documentation. 2 Represents percentage of target customers surveyed at least once during the year. 3 Represents customer feedbacks received by the Customer Experience Support Team and after-service surveys conducted for the relevant channel. 4 Net Promoter Score research is conducted by independent research agency Ipsos for Garanti BBVA. According to the research results, Garanti BBVA has the second highest Net Promoter Score among retail customers representing its own profile, compared to its competition, which includes İşbank, Akbank, Yapı Kredi Bank, QNB Finansbank and Denizbank. Research was conducted between January 2019 and December 2019. Main bank customers, who have communicated with the banks over the last 3 months, were surveyed face to face in the cities of İstanbul, Ankara, İzmir, Kocaeli, Bursa, Antalya and Adana by quota sampling. Score is calculated as a weighted average of retail segments' scores. 5 Customers and financial institutions informed through E&S workshops or through meetings/calls.

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

1 - CUSTOMER UNDERSTANDING CAPACITY

In 2019, as it did in 2018, Garanti BBVA kept generating insights providing a better understanding of its customers through regular feedback directly from its customers and also from its employees. In 2019, the Bank contacted nearly 845 thousand customers and received their feedbacks concerning their needs and expectations, brand perception and their journeys. In addition, employees conveyed about 1,000 opinions through the Önersen suggestion platform and supported development of services.

All insights that become a part of Garanti BBVA's corporate intellectual capital have been regularly utilized by employees also in 2019. The design teams, in particular, made use of customers' and employees' opinions throughout the entire process from problem identification to solution generation.

2 - DESIGN PHILOSOPHY

In order to deliver a good customer experience, the experience at all digital and physical touch points, in other words the entire journey needs to be designed carefully end-to-end. The 'Customer Journey' methodology adopted by Garanti BBVA has become a powerful tool in creating a consistent and seamless experience, and guided the development activities also in the reporting period.

The efforts in 2019 concentrated on critical journeys most frequently experienced by customers, such as credit card security and POS. Additionally, Legal Entity Customer Journey initiative was commenced to understand the experiences Commercial and SME legal entity customers have with the Bank, along with their expectations from financial services. Customers' journeys on digital channels have also been analyzed utilizing advanced data modeling, and actions have been identified.

The branch leg of the customer acquisition process was improved and redesigned. In parallel, the flow allowing the customers to self-initiate new customer process on the mobile was introduced, which digitalized and facilitated the process.

3 - EMPATHIC CULTURE

Employees are the key actors when designing new products and services, and when implementing designs. To deliver a good customer experience, the atmosphere, mood and understanding dominating the organization should also be conducive.

Initiated to constantly nurture and maintain the customer-centric culture, the "Empathy" program left its third year behind in 2019. Also this year, Empathy continued to provide a platform for all Bank employees to stay informed about, and contribute to, the Bank-wide customer experience projects, learn about best practices both internally and worldwide, access tools such as trainings, tips and guidelines for self-improvement, and share their empathy stories with others to inspire new ones.

The ritual whereby branches that make a difference in customer experience with all their employees are rewarded is ongoing within the scope of Empathy activities.

The most successful branch of the year is presented with various surprises, and gets to display the designed award in the branch throughout the year. Handed over to the most successful branch each year, the award continues to serve as a deep-seated sign of Garanti BBVA's aspiration to create unparalleled customer experience.

4 - MEASUREMENT SYSTEMS

In 2019, Garanti BBVA carried on with regular measurements on the basis of channels and products to see its position in customer experience and understand the impact of its activities and efforts. All branch employees can monitor customer feedback regarding the customer experience they have delivered on a daily basis through after-service surveys. Branch managers contact the surveyed customers and turn the feedback received into necessary actions.

Garanti BBVA made use of mobile channels in addition to branches and the Customer Contact Center to gather customer feedback about their digital experiences. Nearly 220 thousand customers using Garanti BBVA Mobile and BonusFlas shared their opinions regarding the application they have used right after their transactions.

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

- In a repeat of its 2018 success, Garanti BBVA claimed the top rank both in banking and credit card categories at the A.L.F.A. Awards 2019 with its successful customer experience management⁶;
- The number of complaints by the Bank's 1,000 active customers went down by 22% as compared with the previous year;
- Customers' NPS for the Bank improved

as indicated by after-service surveys conducted in 2019;

→ Garanti BBVA was named the Best Cash Management Bank in Turkey at the Global Finance awards for 2020. Hence, Garanti BBVA earned the "Best Cash Management Bank in Turkey" title for the fourth time within the last 5 years.

→ For the fifth consecutive year, Garanti BBVA was named the Best Retail Bank in Turkey for its innovative services and products by the World Finance Magazine, one of the world's eminent business and finance magazines.

→ The Bank was given the Best Retail Bank in Europe award for the second time by the European CEO Magazine published in Europe.

→ The Bank won the Stevie Award in the "Best Customer Service" category with the "Remote Banking" service offering remote retail portfolio services without a branch visit.

→ The New Service Model took the third spot in the Customer Service Team category at the Stevie Awards, clinching bronze prize, and claimed the second spot in the Phygital Distribution category at the Efma Banking Innovation Awards, clinching silver prize.

WHAT WE DID IN 2019

Garanti BBVA places accurate identification and fulfillment of customer needs and expectations in the focal point of its product, service and infrastructure conception and development process.

In 2019, Net Promoter Score (NPS) studies were conducted with customers in the Retail, SME, Commercial and Corporate segments and Digital Channels' users in order to gain a better understanding of customers. In addition, an NPS study was conducted to explore the experiences of customers using their credit cards and insurance products. Advertising research measuring the performances of

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

Garanti BBVA finished the year second in Net Promoter Score study among retail customers in 2019. This was an expected, short-term impact in the short term following the transformation of the entire branch into the new service model. Starting to experience the positive impact of the transformation by managing the adaptation process effectively and in a healthy manner, the Bank aims to be the leader among peers in Net Promoter Score in 2020.

The Bank continued to take actions to prevent recurrence of dissatisfaction with the help of root cause analyses performed based on customer feedback also in 2019. Actions taken in this context served to preclude 3% of situations giving rise to customer dissatisfaction. Furthermore, thanks to 18 proactive actions taken, potential situations likely to cause customer dissatisfaction were also prevented.

The Bank started "instant card delivery from branches" with the aim of satisfying customers' needs for cards more rapidly, shortening the delivery time of cards in a manner that they are ready to use, and preventing possible delivery issues. Customers began receiving the credit and debit cards that they applied for, which are branch-approved, from the branches. For cards instantly given from a branch, the passwords assigned are also texted instantly, and customers are able to use the cards as soon as they receive them. In

this framework, more than 400,000 cards were instantly delivered from the branches in 2019, which improved card delivery experiences of customers.

The Bank's activities and efforts are erected on the pursuit of fulfilling customer needs easily and plainly through branches and all digital channels, responding to all requests emerging in connection with the changing market conditions, and presenting custom-tailored solutions.

In order to provide a better digital experience to its customers, the Bank upgraded its existing capabilities on digital channels and also added new solutions. Hence, the Bank enabled an easier, faster and more convenient customer experience and introduced a number of exemplary digital products. Garanti BBVA espouses it as a main principle of design to give its customers easy access to solutions for whatever financial need they may have from wherever they may be.

Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions. Additionally, these surveys keep user experience in the focal point in relation to new products to be launched. Some upgrades that were implemented following the surveys include the following among others:

→ Customers receiving their salaries via Garanti BBVA can more easily track the privileges they are offered and their gains on the "Salary Customers Menu" on Garanti BBVA Mobile.

→ Transfer to IBAN function detects, the prefix "TR" users copy from elsewhere, thus making it easier for them to enter their IBAN numbers.

→ The ATM screen was updated to highlight the Money Withdrawal via QR transaction to let users perform their transactions more quickly.

Garanti BBVA, in 2019, maintained its focus on customers and on the introduction of various instruments for their financial investments. Besides the regular ones, several deposit products were the favorites of customers: "Inflation-Indexed Deposit Products" providing above-inflation returns at all times, "Multi-Currency Deposit" allowing transition between various currencies during the term, and "Interim Interest Payments", a long-term account that makes interim advance payments on the interest income.

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

In a bid to deliver a better banking experience, Garanti BBVA launched a new service model under its initiative named "Central Customer Services Representative", whereby SME customers' operational transactions at branches began to be performed seamlessly and quickly by a centralized, expert team. As a result, operational quality improved, operational workload on SME CRMs in branches was alleviated thus making them accessible at every call, and support could be obtained from expert customer representatives.

The project has been highly instrumental in freeing up SME CRMs so that they can

allocate their time to customer and sales management, and deepen further in customer relationship management.

Representing a first in Turkey, the Bank put in place the SWIFT GPI Project that enables customers to monitor SWIFT transactions in a transparent manner from digital channels. The project allows viewing the status of an outgoing transfer, the banks intermediating the transaction, the time spent for a transaction at a given bank, and correspondent and recipient bank charges.

With "Collection from the Account via QR Code", which is a brand new collection solution, legal entity customers are able to make their collections using mobile banking, and retail and legal entity customers that will make the payment can use the Pay/Send function in the mobile channel to make their payments instantly from their demand deposit accounts. The companies are provided the chance to test and quickly integrate their integration documents for this product free-of-charge at developers.garantibbva.com.tr.

Shop&Fly, the new airline agnostic credit card for which the press launch took place on January 29th, introduced novelties to customers' lives, which include mile earning online, online mile redemption on www.shopandfly.com.tr and Shop&Fly Travel Line both of which are operated by Karya Tourism which is the contracted agency of Shop&Fly. New programme offers very easy to understand earning and redemption rates, various travel services, instant advance mile purchasing on the online payment page and extra mile earning for delayed flights through BonusFlas and shopandfly.com.tr. Customers are able to contact the agency by connecting to the Shop&Fly Travel Line at 4440333 or

4440700 for any problems or questions they may have in relation to their travels. In addition, process details and information about the travel and purchases are available on the travel pages of shopandfly.com.tr. All card-related processes run again on Garanti BBVA channels, and all card details are available on the card-related pages of shopandfly.com.tr.

A first in the sector and allowing Garanti BBVA card holders to satisfy any card-related need, BonusFlas was revamped with a customer-friendly new design. Redesigned also according to new trends, the app makes it easier to follow up campaign and card information. The payment functions offered in BonusFlas were expanded with the addition of payment via QR and users were provided with the capability to make cardless payments on all IOS and Android phones even if they do not have their cards with them. E-commerce purchases were made faster and easier with the "Direct Link" property that allows users to be referred to the websites/applications of member merchants they are shopping from with a single click when using BonusFlas.

Garanti BBVA CepPOS app transforming Android smart phones into a contactless POS device is available in Google Play Store since November 2019. CepPOS enables business places to receive payments up to contactless transaction limit (TL 120) from contactless credit/debit cards or mobile phones possessing mobile payment capability. To use Garanti BBVA CepPOS, the user's Android device must have NFC (Near Field Capability) and the user must have applied to be a Garanti BBVA member merchant. Garanti BBVA CepPOS app also enables automatic receipt of the sales amount in the member merchant's account the same day without waiting for the following day, allows

member merchants to instantly track the transactions performed with Garanti BBVA CepPOS using in-app menus, and lets them easily view the amounts transferred to their current accounts.

Public transportation top-up for IstanbulCard, which is the public transportation card of Istanbul, was made available through demand deposit accounts on Garanti BBVA Mobile. Being the first bank to offer top-up service directly from demand deposit accounts was received positively by the customers and within a short time the number of uses and transaction volume began to increase.

Being the bank pioneering digital transformation for the past 20 years, Garanti BBVA launched a new business model in its branches. The Bank focused on three main objectives, with the aim of leveraging its branches to the future today by capturing the benefits of the emerging digital world in the branch service model:

- improve customer experience,
- increase digital migration,
- upgrade employees' capabilities to boost their product delivery skills and improve operational efficiency.

Under the project whose pilot was initiated in May 2017, an average of 10 to 15 branches made their transition to the new service model every week during 2018. The transformation has been completed for the entire branch network.

In order to free up more time for interaction with the customers, product and service delivery capacity has been increased in the new service model. The tools necessary to enable servicing customers at any place of their choice, besides in branches, have been developed. Key orthodoxies were challenged, and new posts and

responsibilities were created to improve sales/operational efficiency. Processes were re-designed and digitized to promote digital migration and to create seamless, omni-channel experience. Finally, branch layout was re-designed in accordance with the new service model concept, and teller desks were removed. New desks were put in where all customers are sitting while served and digital screens were installed for displaying information.

Thanks to the C-CSR (Central Customer Services Representative) Project launched to allocate branch portfolios to customer and sales-oriented processes instead of operational transactions, all operational transactions performed by branches apart from pricing and active sales items began to be handled by a special team formed within the Abacus organization from February 2018. The service model is erected on linking each customer representative with the related branch and customers. Currently, calls from customers and operational transactions are being handled by the C-CSR team at a rate of 95% and higher.

The "Empathy Assistant", a smart platform introduced in 2017 to help and guide branch employees while resolving customer issues, kept contributing positively to the branch experience throughout 2019. Actively used at 99% of branches, the platform supported the resolution of more than 62,000 issues throughout the year.

Some changes were made to the scope of the New Customer Management Model introduced in 2018 to upgrade the complaint handling concept and to improve customer experience at the time of complaint in 2019. Accordingly, the complaints handling team working under the name Customer Care Line was renamed "Customer

Experience Support". On the other hand, channel diversification is ongoing as part of digitalizing complaint management. In 2019, complaint reporting with "voice message" option was introduced via the Customer Communication Center. In the voice referral step, customers who utter the word "complaint" are able to convey their complaints as a voice message. As a result of the work carried out throughout 2019, new digital channels will be added for complaint handling in 2020.

Garanti BBVA continues to increase the use of artificial intelligence, and in particular, to use virtual assistant in customer services. Brought into use by the Customer Experience Support team that handles customer complaints by early 2018, the chatbot named Bilge's scope of use was further expanded in 2019. As Customer Communication Center and Internet Help Desk teams began using the chatbot, total number of users exceeded 1,000. Responding to over 30,000 queries per month, Bilge achieved a usage rate that has increased by 200% year-over-year.

RPA (Robotic Process Automation) initiatives were launched across the Bank in July 2019. The initiative is intended to allocate employees to customer-centric processes rather than routine and manual transactions, and to deliver a better customer experience with minimum errors and high speed. Based on the work carried out within the scope of RPA, 100 processes were identified to date, 7 of which were included in the production environment.

Garanti BBVA also embarked on its transition to agile working. In this context, teams formed of employees take full responsibility for the entirety of tasks they are performing, and construct the products

and services according to customer feedback. This allows Garanti BBVA to focus on offering solutions that optimally fulfill current and future customer needs. In this new business model, employees are inspired by a single target and are motivated to reach that target.

Agile working means adopting a new mindset and corporate culture that rely on agile methods. In this model where strict organizational and functional structures are abandoned in favor of a more collaborative working style, the main goal is to increase the speed and quality of operating.

Agility allows gaining insight into customers and taking each and every step with the perspective of "our priority is our customers". It promotes collaboration to a brand new level with the "we are one team" point of view. Dominated by an inspiring and innovative mindset that exceeds expectations, this model supports fulfillment of customer demands in the fastest manner possible through consolidated teams that can take action.

The Bank attaches importance to going to the customer at the right time with the right proposal, and to establish optimum contact with them when doing so. Accordingly, a new platform was developed whereby alignment of the existing infrastructure with the Customer Communication Policy will be rendered systemic and automated in 2019. The platform is intended to centrally manage quantity and consistency checks before contacting customers.

OUTLOOK

Customer needs and expectations will evolve and take shape substantially according to digital developments in the coming years, as they did this year. Also in the year ahead,

Garanti BBVA will work towards delivering a better customer experience by bringing the current capabilities of the age to customers.

As always, the Bank will continue to place its customers' voices at the heart of all of its designs. Customer insight drawn up both from internal data by making use of its analytical capabilities and directly from customers will serve as a guide in all products and services.

As Garanti BBVA, we believe that the banking needs of retail banking customers will deepen every passing year, and customization of services/products aimed at these needs will become even more important. In 2020, it will continue as the Bank's main focus to deliver the products that are fit for customers' needs on the right channel and at the right time, thus improving their experiences. We will continue to make use of big data and the capabilities presented by digital transformation in a bid to offer the financial solutions that best fit customers' banking needs and we will continue to deliver the perfect customer experience when doing that.

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

The Bank will continue to re-design and simplify experiences at all touch points through the customers' eyes in a bid to provide an omni-channel experience that is seamless, integrated and personalized. This way, the Bank will minimize the operational workload on its employees, freeing up their time to be allocated to tasks with higher added-value.

In the next version of its investment application, Garanti BBVA plans to shift to a more user-friendly front end design, to add new order types, and to improve notification and alert structures in line with customer feedback. The Bank also intends to enable customers to reach the Customer Contact Center more quickly and let them realize orders, in addition to getting information. Following the social media research completed recently, the Bank will set up a new working group and focus on such topics as personalization of the service delivered and increased human touch in communication, which are outputs from the research.

Driven by the desire to be accessible and to reach the customers through their top-choice channels, the Bank targets to create new channels for its customers by integrating various communication applications into banking applications. In view of increased use of video and digital content by customers, the Bank will begin using these channels more often for conveying the solutions for their financial needs.

Garanti BBVA will be able to manage branch densities more efficiently through smart platforms in development and the prioritization mechanism that puts customers in the center. It will also be able to allocate more time to coach its employees, and thus continue to enhance

the service quality offered at branches.

With the aim of supporting customers in their cash management, Garanti BBVA plans to sustain the same performance by creating new products and services along with pricing strategies also in 2020. Following user demands, development is underway for the Direct Collection System product that offers collection guarantee to vendors. As at year-end 2020, a system will be introduced allowing customers to monitor their cash flows in an even more transparent fashion, which will be more user-friendly thanks to new features to be added.

PRODUCTS AND SERVICES FOR CUSTOMERS' FINANCIAL HEALTH AND INCLUSION

Protecting customers' financial health is a key topic that Garanti BBVA places emphasis on, and works to achieve constant self-development in through new ideas, projects and initiatives.

According to the World Bank Global Financial Inclusion data, 2 billion people in the world do not have access to financial services offered by financial institutions. For this reason, Garanti BBVA works towards improving access to financial services in our country. Facilitating access through all its channels in Turkey, where 43% of the adult population lacks access, Garanti BBVA ensures that its customers are informed about their financial positions, and are on top of their financials. With its segmented approach, Garanti BBVA provides consultancy and guidance on financial planning and offers solutions to its customers according to their needs varying from savings to pension.

Garanti BBVA provides guidance to its customers for a more balanced budget

management, and aims to have a positive impact on their lives by offering financial planning services and products that encourage savings such as 'NET Savings Account'.

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

WHAT WE DID IN 2019

Going beyond banking products and services, Garanti BBVA works to give advice to support the betterment of their customers' financial health, and to warn them in case of an issue. Custom-tailored insight and action plans are planned to be presented by analyzing customers' behaviors and financials. Work is underway to roll out the project which is currently available to a small customer group of customers.

Garanti BBVA has 21 products and services available designed to support its customers in terms of managing their financials and improving their access to financial services in Turkey. Within the scope of products and services under this heading that can be broken down into different groups, Garanti BBVA;

- Enables transactions such as bill payments, money withdrawals/deposits/transfers by/to non-customers via branches, Garanti BBVA ATMs and mobile banking app,
- Enables women to use their gold savings for loans and deposit accounts through depositing physical gold in terms of grams via branches and gold service point jewelers,
- Is instrumental in instilling a habit of saving

up in 300 thousand customers with its NET Savings Account product, a first in the sector. Garanti BBVA also offers the government incentivized Marriage & Housing Accumulating Accounts to encourage Turkish citizens to save up money,

- Offers segment specific programs and products for customers of all ages such as Garantili Gelecek (Guaranteed Future), Bonus Genç (Bonus Young), and Retirement Banking Program,
- Conducts initiatives that contribute to physical and financial freedom of disabled customers and facilitate their access to service from branches and Garanti BBVA ATMs through Disabled-Friendly Banking. Garanti BBVA is delighted to report that over 10 thousand employees completed the web-based Sign Language training to provide better service to disabled customers. In 2019, Garanti BBVA served through 5,214 disabled friendly Garanti BBVA ATMs. The accessibility of Garanti BBVA ATMs for visually impaired customers was enhanced, and credit card debt payments can now be done from the visually impaired menu.

- Also in 2019, Garanti BBVA framed all communications according to the principles of "Transparent, Clear and Responsible Banking". In this context, the Bank reviewed customer communications such as contracts, forms and informative messages to make sure they are easier to understand and they respond to customer needs. "Product Summary Pages" that summarize products and services in a clearer and more intelligible manner were designed in order to support the customers with their decision making. In 2019, the Bank began sharing the documentation on POS, Bonus Business, Complementary Health Insurance and Shop&Fly Business products with the customers. The Bank will continue to work on summary documentation for diverse

products. In keeping with these principles, all employees watched the training videos that are intended to help them talk about all necessary information in an understandable manner in their centralized and face-to-face contacts with customers.

→ With the Garanti Discount (Supplier Finance System) product updated on the basis of customer and sector demands, Garanti BBVA remains the pioneering bank of the sector. The Bank targets to touch more customers with the Garanti Discount relaunched with new functions in 2019, and offer them solutions for achieving greater efficiency in the utilization of their working capitals. The Bank continues to support customers' cash flows through its discount products that provide financing without furnishing extra collateral, and fulfills their short-term funding needs.

→ The Direct Collection System contributes to customers' performance of their commercial operations with healthy financials. The system, which allows customers to monitor and manage their cash flows in a transparent fashion, was improved in view of customer demands. The improvements responded to customers' demands for uploading files, filling related documents and pricing. The work is expected to be completed in 2020 for creating a user-friendly, end-to-end digitalized system.

OUTLOOK

Garanti BBVA will continue to develop smart solutions to encourage and support its customers to make healthier financial decisions. In this context, the Bank is also planning to implement more experimental methods and introduce solutions after testing them in a more interactive manner with customers in alignment with the agile working concept it has adopted.

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

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

SUPPORTING CUSTOMERS TO GROW THEIR BUSINESSES SUSTAINABLY

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

Thanks to its robust environmental and social risk assessment process, which is in line with best practices, Garanti BBVA supports all its customers, especially in the corporate and commercial segments, in managing their non-financial risks.

WHAT WE DID IN 2019

Various innovative Garanti BBVA platforms that aim to support companies in terms of

managing their financials and businesses help customers grow their businesses in a sustainable manner and increase their resilience to new developments. The Bank offers information services that address the specific needs of the SMEs and contribute to their development such as Teşvikbul (Find Incentive), Şirketkur (Establish Your Business), MarkaOl (Become a Brand), Teknosor (Inquire Technology) and Garantili İşler (Business@Garanti).

Garanti BBVA helps flourish the entrepreneurial ecosystem in Turkey, and targets to support and accelerate early startups and initiatives with the potential to attract investment and grow. Through Garanti BBVA Partners Acceleration Program, the Bank supports early startups of any scale and sector, the SMEs and growing ventures. Under the holistic support mechanism covering provision of office space, mentoring, networking, marketing and training support, the Bank offers versatile and differentiated services at every stage of the entrepreneurial cycle. This year, Garanti BBVA hosted 15 startups and the total amount of investments granted to startups included in the program exceeded TL 20 million.

Garanti BBVA ran the BBVA Momentum Social Entrepreneurship Program in Turkey, which is conducted globally by BBVA. The first-ever social entrepreneurship program carried out by a financial institution in Turkey, BBVA Momentum Social Entrepreneurship Program is designed to contribute to social entrepreneurs seeking to create a higher social impact through a sustainable business model. The startups that qualify for the program co-conducted with Impact Hub İstanbul benefit from one-on-one mentoring and expert support in addition to online training and other classroom training

offered by the IE Business School, a school of management science. In addition, startups participating in the Garanti BBVA Momentum program also get the chance to share their experiences with entrepreneurs of different scales and sectors, and to collaborate on an international level.

Garanti BBVA facilitates women entrepreneurs' access to financing, executes free-of-charge educational collaborations to ensure sustainability such as the Women Entrepreneurs Executive School, and encourages them to realize their full potentials through Turkey's Woman Entrepreneur Competition. With the Women Entrepreneurs Meetings, which attracted the participation of 10,250 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. The SROI (Social Return on Investment) value of the Women Entrepreneurs Management School project is estimated as 5.

Within the frame of the international borrowing program, Garanti BBVA, in cooperation with the World Bank member IFC, issued a social bond for the amount of USD 75 million with a maturity of 6 years to be used for financing women entrepreneurs. Issued also with the contribution of the Goldman Sachs 10,000 Women initiative under the agreement with the IFC, the bond is the first social bond issued for use exclusively by women entrepreneurs in Turkey. It is also the first social bond issued by a private bank in an emerging country. Moreover, the Bank signed the Women Entrepreneur Export Support Loan protocol with Türk Eximbank in 2019 to support women entrepreneurs.

In the reporting period, Garanti BBVA

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

Also, in 2019, the Bank shared information about the most current topics related to national and global sustainability trends, sustainable bonds and loans markets, international guidelines and best practices in environmental and social risk management at events such as the CDP Turkey Workshop, of which the Bank is the main sponsor and supporter, in the launch meetings of international principles such as the UNEP-FI of which it is a founding signatory, and two live streaming that it took part in during the year.

In this framework, 15 different topics were addressed in a total of 11 events during 2019, and information was provided to corporate and commercial customers and financial institutions on a one-on-one basis.

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

Within the frame of Environmental and Social Lending Policies, Garanti BBVA paid 29 customer visits in the corporate and commercial segments in 2019 as part of the efforts to improve and monitor

customers' environmental and social risk management processes. Under the new Occupational Health and Safety (OHS) Risk Management System that was launched in 2018 and that takes environmental and social risk management system one step further in line with international practices such as the Equator Principles, corporate and commercial customers continued to be given information on best practices in OHS in 2019. In 29 site visits and meetings held, management of OHS risks was also addressed within the scope of environmental and social issues.

OUTLOOK

In 2020 and beyond, Garanti BBVA will continue to highlight entrepreneurship, digitalization, sustainable finance, fight against climate change, and environmental and social risk management issues in its capacity building efforts. Organizing summits and meetings where stakeholders can share experiences and information, and providing informative trainings on emerging new trends will continue to play a key part in the support extended to customers.

Setting up partnerships and specialized teams and providing technical support making use of technological infrastructure in various topics such as sustainable finance and digitalization will be a part of the roadmap for the years ahead. Informing the customers on environmental and social trends will continue to take an important place in the Bank's agenda.

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