



INVESTOR RELATIONS

## INTERVIEW WITH MS. DIDEM DINCER BASER, EVP, DIGITAL BANKING

<Handan Saygin>: Hello everyone. Today we are with Didem Dincer Baser, Executive Vice President in charge of Digital Banking.

<Q – Handan Saygin>: Hello Didem, welcome. Digitalization, digital transformation, it's on the agenda of all institutions worldwide these days. Could you please share with us Garanti's journey in this?

<A – Didem Baser>: Sure Handan, thank you. As you said, digital transformation has been a focus area of all corporations increasingly in the recent years. I am actually glad to say that digitalization has been at the top of Garanti's agenda for many many years and I could as well say that digital is engraved in our DNA by now. When we look at our digitalization journey, we see two main eras.

First era started in late 1990's with the launch of our internet banking and ATM network. The aim back then, was to create a main transaction platform alternative to branches and migrate customer transactions to digital. This obviously not only provided convenience to our customers, but also created great efficiency for the Bank.

<Q – Handan Saygin>: Basically with this migration, customers now can do all types of transactions they can do at a physical branch, right?

<A – Didem Baser>: Exactly, today, you can do more than 500 transactions via our internet banking platform and our investments into internet banking and ATMs still continue as of today and Garanti has always been a leader in this area. We currently have 23% market share in Turkey in the volume of financial transactions done through internet banking.

<Q – Handan Saygin>: That's an impressive market share, so 1 out of 4 internet banking transactions goes through Garanti.

<A – Didem Baser>: That's true.

<Q – Handan Saygin>: How about the transition into other digital channels?

<A – Ebru Edin>: Sure, actually the second era of our journey is with the mobile development. As you all know, Smartphones and connectivity ( Wi-Fi , 3G) expansions all fed to the development of "mobile". In the beginning of 2012, we started to invest in developing mobile banking native applications across all key operating platforms. I could say that, we replicated our success in internet banking to mobile banking and we are market leader with the share of 27% in the volume of financial transactions conducted through mobile banking in Turkey.

Our mobile banking platform currently has 2.1 million active customers and it provides 200 transactions day-in and day-out to these 2.1 million customers and when we look at non-cash financial transactions at Garanti, we see that 35% of customer driven transactions are through mobile by now. I think that the day mobile will surpass internet banking, is not too far in the future.

Furthermore, we see an important trend. More and more of our customers are using mobile as their main platform. We have 1.1 million customers we call "mobile-only" who interact with mobile banking

without visiting our branches and not even visiting our internet banking platform in the course of a full month.

So, we basically design design our services with the awareness of this very clear and important trend and being listed as the number 1 bank in terms of mobile banking functionality in Forrester's global research in 2014, makes us believe that we are headed towards the right direction.

<Q – Handan Saygin>: That's excellent. Do you mind elaborating at this point how this digital development impacts Garanti's overall business?

<A – Didem Baser>: Sure, we have currently 3.7 million active digital customers and this leads us to several strong outcomes.

Firstly, the utilization rate of digital channels is now 86%. If we look at the total non-cash transactions in the Bank, we see that this number goes to 91%, so 91% of all non-cash customer driven financial transactions at Garanti go through digital channels. What this means for the Bank is that it creates great efficiency and it also creates a free-up of branch capacity for sales and providing advice to customers and focus on basically generating business.

Secondly, digital channels are no-longer just cost centers, they also create revenues for the Bank. We now have a critical mass of customers engaged in our full-functional platforms. They utilize the digital channels not only for executing their transactions, but they actually purchase products through these channels.

Let me give you some numbers to show what this means. Actually, digital customers have twice the cross-sell ratio and profitability if you compare with an average customer. How this translates in generating business is that, in Garanti, the share of digital channels in key product sales for this year has reached 30% and when it comes to revenues, 16% of the total net commission income of Garanti is coming from digital channels.

All these numbers actually show us that digital is much more than a digital transaction platform by now and it sits at the very heart of the customer experience. It is an important meeting platform between Garanti and its customers, where we satisfy their needs and at the same time offer our products and services.

<Q – Handan Saygin>: Thank you very much, that is very exciting to hear how the digitalization journey translates into today's operations. Now going forward, can you share with us what the priority areas will be?

<A – Didem Baser>: Of course, we will work along 3 main strategic objectives going forward.

The first one is further digitalization of our customer base, especially through mobile. As I have mentioned, mobile is a very important trend for us.

The second is migrating more and more customers and more and more transactions to digital, so freeing up more teller and more customer sales representative time in branches and third, last but not the least, basically increasing sales and product offers through digital channels and what we mean by that is we plan to have more and more end-to-end digital products. An example is the fully digital personal loan product we have launched very recently: where a customer can apply for a personal loan in our secure internet site, get his/her approval in a few minutes and upon electronically approving documents, can get the loan into their accounts instantaneously. So we plan to have more and more of these types of products and we will continue with our progressive and leading approach in digital to basically meet better our customer's needs with the best solutions.

<Q – Handan Saygin>: Didem, thank you very much for being with us today and sharing Garanti's digitalization journey.

<A – Didem Baser>: You are very welcome, it has been my pleasure.

<Handan Saygin>: We will sure continue to follow the developments very closely.

Today, we hosted Didem Dincer Baser, EVP of Digital Banking.

Please keep following us on Garanti Investor Relations website and application.

Have a wonderful day.