How does a Bank Create Value?

INTEGRATED ANNUAL REPORT 2021

Scan the QR code to access the website of the report.
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, thought, determination and commitment are the keys to success. Inspiration words off languidity. 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.

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.”

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 impacted the last two years manifest that 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 natural truth. With the 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 actions 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!
The chapter provides a foreword on the reflection of Garanti BBVA’s value creation story on 2021 Integrated Annual Report, which has been audited by KPMG and published with the decision of the Board of Directors. It 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, 2023 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” 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 LS 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 unaudited 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 Baştuğ
President & CEO

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

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

Commitment
Commitment not to finance coal and coal-related new investments

Sharing
TL 43.6 million for social impact focused Community Investment Programs
Message from Mervyn King

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 not merely relying on form. The user of the report can with confidence draw conclusions about matters of substance and has not merely relied on form.

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 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.

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

Legend

FINANCIAL REPORTS AND APPENDIX
DATA AND TECHNOLOGY
CORPORATE GOVERNANCE
SUSTAINABILITY
OPERATIONAL EXCELLENCE
THE BEST AND MOST ENGAGED TEAM
REACHING MORE CUSTOMERS
OUR VALUE CREATION
2023 PERFORMANCE AND OUTLOOK
OUR 2023 MATERIAL ISSUE: COVID-19
OUR GOVERNANCE
ABOUT GARANTI BBVA
INTRODUCTION

Letter from the Chairman

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
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 25% annually in 2020, global trade is estimated to grow by 10.8% in 2021 according to the forecast of WTO. 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 24% 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 62%.

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, Turkey 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 77 million at the end of 2020, to 106 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 Baştuğ
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.
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 outran 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 PROJECTIONS* (Annual Change)

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<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
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<td>3.1</td>
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<td>4.5</td>
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<tr>
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<td>11.4</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Colombia</td>
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<td>-6.8</td>
<td>10.0</td>
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<tr>
<td>Mexico</td>
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<td>-3.2</td>
<td>6.1</td>
<td>4.4</td>
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* BISS Research January 2022 projections.

Türkiye: 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.

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)

<table>
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<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>%</td>
<td>-2.9%</td>
<td>-3.4%</td>
<td>-2.8%</td>
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Central Budget Balance (% GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>-2.9%</td>
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<td>-2.8%</td>
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</table>
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 Position in the Lower Part of the Global Supply Chain Result in Structural Current Account Deficit. Therefore, in this Period When We Are Expecting Shrink 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.

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 ThatIncreased 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.

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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

<table>
<thead>
<tr>
<th>Public Gross Debt Stock (%)</th>
<th>36% State Banks</th>
<th>34% Top 4 Private Banks</th>
<th>30% Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>19</td>
<td>57</td>
<td>60</td>
</tr>
<tr>
<td>China</td>
<td>33</td>
<td>61</td>
<td>67</td>
</tr>
<tr>
<td>Peru</td>
<td>35</td>
<td>69</td>
<td>80</td>
</tr>
<tr>
<td>Indonesia</td>
<td>37</td>
<td>78</td>
<td>90</td>
</tr>
<tr>
<td>Turkey</td>
<td>40</td>
<td>78</td>
<td>99</td>
</tr>
</tbody>
</table>

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.

** IMF October 2021 World Economic Outlook

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

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

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.

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
Corporate Profile

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 630 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 İstanbul as of December 31, 2021.

** 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 BBVA Weekly Data, among private banks.
Note: Branch, ATM and Customer data do not include companies subject to consolidation.

GARANTI BBVA AT A GLANCE

- Second largest private bank by asset size
- #1 in SME NPS
- #1 in Individual NPS
- #2 in Customer Acquisitions
- Net =>+1 MILLION
- Geographical Coverage 100%
- Strongest Capital
- Highest ROA
- No. 1 in Brand Power among private banks
- Turkey’s Most Valuable Bank

Garanti BBVA Integrated Annual Report 2021
Our Competitive Advantages

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 UĢI, 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

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, 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. Employees in each position inspire their colleagues and their circles with the job they do. In order to achieve the “common purpose”, 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”.

Innovation is embedded in the corporate culture of Garanti BBVA that needs 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.
Our 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 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

**DRIVERS OF SUPERIOR PERFORMANCE**
- 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

**OPERATIONAL EXCELLENCE**
- 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.

**ACCELERATORS**
- 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

**Retail Banking**
- Making a difference offering need-based innovative solutions
- World Finance “Best Retail Bank” award in Türkiye
- Multi-channel experience offering speed, convenience and satisfaction
- Support focused on Financial Health via personalized and proactive offers
- 32% share of consumer loans in TL Loans

**SME Banking**
- Preferred bank of SMEs
- Global Finance “Best SME Bank” award in Türkiye
- #1 among peers in SME customers’ Net Promoter Score
- 22% share of SME loans in TL Loans per BRSA definition
- Contribution to sustainable and inclusive growth
- Women Entrepreneurship Program on its 15th year
  - Total financing exceeded TL 11 billion
- Education to over 3,500 women entrepreneurs
- Women Entrepreneur Meetings supported to empower over 10 thousand women
- Women Entrepreneur Competition reached 42 thousand applications
- Garanti BBVA Partners Entrepreneurship Acceleration Program on its 7th year
  - 50 entrepreneurs supported in the program
  - Total financing received exceeded TL 30 million

**Commercial & Corporate Banking**
- Primary business partner of customers
- Effective customer relationship management and solution-oriented approach
  - 4 Corporate Branches
  - 28 Commercial Branches
- Contribution to sustainable development
  - 60 billion TL
- Energy efficiency consultancy
- 1st Corporate Green Auto Loan in Türkiye

**Payment Systems**
- Pioneering innovation in payment systems
- BonusFlaş ranked #1 in the Net Promoter Score among peers
- Highest YoY increase among peers in Acquiring volume - 56%
- 11 million Credit Cards
- >700 thousand PoS
- >430 thousand Merchants
- 2x YoY increase in contactless transactions
- 4 million transactions via cardless payment tool GarantiPay, YoY turnover increase 70%

**Digital Banking**
- Leading digital transformation
- 11 million digital banking customers
- 10.6 million mobile banking customers
- >5400 ATMs
- >500 set of functions on mobile
- Digital channels’ share in non-cash financial transactions 97.2%
- 19% share in mobile financial transactions in Türkiye
- >80% share of digital channels in total unit sales

*As of September 2021*
Garanti BBVA Integrated Financial Services Group

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 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: 12%

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 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 2.4 billion
Business Volume: TL 173 billion
Profit: 131.9 (157% annual increase)
Total Number of Factoring Transactions: 44,002
Asset Contribution: 0.5%

Garanti BBVA Romania
Garanti BBVA Romania (GBR) and its two subsidiaries, Motoractive (Leasing) and Rafli (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).

In terms of asset size, GBR is the 12th 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.

Capital Adequacy Ratio: 23.55%
Asset Contribution: 4.9%

Garanti BBVA Pension Life
Established in 1992 as a life insurance company, the company expanded its scope with private pension pension in 2002. Garanti BBVA Emeklilik achieved a significant success with a 21.3% share in the number of child participants, which reached 371,000 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 automatic pension participants
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
Asset Contribution: 0.4%

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 5th in the sector in both areas.

Total assets: TL 60.5 billion
Total mutual funds: TL 25.6 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%

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 3Q2017 have been used.
Garanti BBVA's Position in the Sector

### Significantly Highest Banking Revenue
(2021, TL BN & 2 Year Growth)

<table>
<thead>
<tr>
<th>Year</th>
<th>Garanti BBVA</th>
<th>Peer I</th>
<th>Peer II</th>
<th>Peer III</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>30.3</td>
<td>23.2</td>
<td>25.5</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td>36.4%</td>
<td>21.6%</td>
<td>34.4%</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

Garanti BBVA

### Highest Banking Revenue Per Branch
(2020, TL MN)

<table>
<thead>
<tr>
<th>Type</th>
<th>Garanti BBVA</th>
<th>Private Peers</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>30.6%</td>
<td>35.7%</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>-5.8%</td>
<td>-2.1%</td>
<td></td>
</tr>
</tbody>
</table>

Private Peers

### HIGHEST ROE
(2021)

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>19.1% incl. Free Provisions</th>
</tr>
</thead>
</table>

### HIGHEST ROA
(2021)

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>2.3% incl. Free Provisions</th>
</tr>
</thead>
</table>

### Strong Capital Buffers Above the Legal Limits

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>15.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.5bn TL excess capital taking into account min. Required level of 12.2% (Consolidated w/o forbearance)</td>
</tr>
</tbody>
</table>

### Highest Net Income
(TL BN)

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>TL 13.1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL 15.9 BN incl. Free Provisions</td>
</tr>
<tr>
<td></td>
<td>&gt; TL 1 Bn gap with the next peer</td>
</tr>
</tbody>
</table>

### Highest Fees & Commissions Income
(TL BN)

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>8.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~ TL 1 Bn gap with the next peer</td>
</tr>
</tbody>
</table>

### Highest Net Interest Margin

<table>
<thead>
<tr>
<th>Garanti BBVA</th>
<th>4.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~1% gap with the next peer</td>
</tr>
</tbody>
</table>

Note: Banking Revenues = NII – Swap Cost + Net Fees & Commissions
Note: Per bank-only financials for fair comparison.
LEADERSHIP IN CONSUMER LENDING MARKET SHARE GAIN ACROSS THE BOARD

<table>
<thead>
<tr>
<th></th>
<th>Share in TL perf. loans</th>
<th>Market Share</th>
<th>Y-o-Y bps</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER LOANS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MORTGAGE</td>
<td>10%</td>
<td>28%</td>
<td>+82</td>
<td>#1</td>
</tr>
<tr>
<td>GENERAL PURPOSE</td>
<td>22%</td>
<td>19%</td>
<td>+5</td>
<td>#2</td>
</tr>
<tr>
<td>AUTO</td>
<td>1%</td>
<td>35%</td>
<td>+18</td>
<td>#1</td>
</tr>
<tr>
<td><strong>CREDIT CARD BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TL BUSINESS</strong></td>
<td>49%</td>
<td>18%</td>
<td>+3</td>
<td>#2</td>
</tr>
</tbody>
</table>

HIGHEST DEMAND DEPOSIT

<table>
<thead>
<tr>
<th></th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME &amp; Retail / TL Cust. Deposits</td>
<td>49.1</td>
<td>38.2</td>
<td>31.8</td>
</tr>
</tbody>
</table>

HIGHEST COMMISSION CONTRIBUTION

<table>
<thead>
<tr>
<th>Retail Issuing Volume MS% (2021)</th>
<th>Acquiring Volume MS% (2021)</th>
<th>Number Of Credit Card Customers (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>24%</td>
<td>7.9 mn</td>
</tr>
<tr>
<td>+55bps</td>
<td>+73bps</td>
<td>+7.9%</td>
</tr>
<tr>
<td>#1</td>
<td>#2</td>
<td>#1</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>948</td>
<td>936</td>
<td>914</td>
<td>894</td>
<td>872</td>
</tr>
<tr>
<td>POS</td>
<td>670,259</td>
<td>669,435</td>
<td>651,860</td>
<td>684,896</td>
<td>700,616</td>
</tr>
<tr>
<td>ATMs</td>
<td>5,003</td>
<td>5,258</td>
<td>5,260</td>
<td>5,309</td>
<td>5,401</td>
</tr>
<tr>
<td>Total Customers</td>
<td>15,143,274</td>
<td>16,378,165</td>
<td>17,639,895</td>
<td>18,779,492</td>
<td>20,271,437</td>
</tr>
<tr>
<td>Mobile Banking Customers</td>
<td>5,087,521</td>
<td>6,460,538</td>
<td>7,316,683</td>
<td>9,074,914</td>
<td>10,608,777</td>
</tr>
<tr>
<td>Digital Banking Customers</td>
<td>5,957,966</td>
<td>7,174,066</td>
<td>8,352,034</td>
<td>9,571,289</td>
<td>11,040,150</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>18,851</td>
<td>18,338</td>
<td>18,784</td>
<td>18,656</td>
<td>18,354</td>
</tr>
<tr>
<td>Debit Cards</td>
<td>9,796,696</td>
<td>10,885,643</td>
<td>12,309,813</td>
<td>14,156,702</td>
<td>15,956,977</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>10,213,151</td>
<td>10,141,008</td>
<td>10,131,725</td>
<td>10,308,368</td>
<td>10,992,736</td>
</tr>
</tbody>
</table>

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

Legend:
- **BRANCHES**: Branches
- **POS**: POS terminals
- **ATMs**: Automatic Teller Machines
- **TOTAL CUSTOMERS**: Total number of customers
- **MOBILE BANKING CUSTOMERS**: Mobile banking customers
- **DIGITAL BANKING CUSTOMERS**: Digital banking customers
- **NUMBER OF EMPLOYEES**: Number of employees
- **DEBIT CARDS**: Debit cards
- **CREDIT CARDS**: Credit cards

**ASSETS** (TL billion):
- 2017: 356.3
- 2018: 399.2
- 2019: 428.6
- 2020: 540.9
- 2021: 649.4

**PERFORMING CASH LOANS** (TL billion):
- 2017: 228
- 2018: 243.5
- 2019: 279.2
- 2020: 335
- 2021: 475.3

**DEPOSITS** (TL billion):
- 2017: 200.8
- 2018: 245
- 2019: 277.3
- 2020: 358.1
- 2021: 562.3

**SHAREHOLDERS EQUITY** (TL billion):
- 2017: 41.6
- 2018: 46.9
- 2019: 54.1
- 2020: 62.4
- 2021: 79.2

**NET INCOME** (TL billion):
- 2017: 6.4
- 2018: 6.7
- 2019: 6.2
- 2020: 6.4
- 2021: 13.1

**MARKET CAPITALIZATION** (%):
- 2017: 45
- 2018: 33
- 2019: 27.5
- 2020: 9
- 2021: 8 (Note: The data does not include companies subject to consolidation.)

**DIVIDEND PAYMENT RATIO** (%):
- 2017: 43.3
- 2018: 41.6
- 2019: 43.1
- 2020: 43.3
- 2021: 43.3

**% OF RENEWABLES IN ENERGY PRODUCTION PORTFOLIO**:
- 2017: 56
- 2018: 69
- 2019: 73
- 2020: 81
- 2021: 80

**NUMBER OF PROJECTS SUBJECTED TO ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM** (Cumulative, % of projects):
- 2017: 3.11
- 2018: 1.51
- 2019: 1.58
- 2020: 1.50
- 2021: 3.11

**TOTAL LOANS GRANTED TO WOMAN ENTREPRENEURS** (Cumulative, TL billion):
- 2017: 78.9
- 2018: 79.2
- 2019: 81
- 2020: 73
- 2021: 69

Note: The data does not include companies subject to consolidation.
In 2021, we entered a new era in the pandemic in light of the vaccine 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 Turkey. 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 10.5% 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 TL3.3bn 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, 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 Turkey, 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 Turkey 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.

Garanti 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

**2021 Performance and Outlook**

**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
- **TL 60 Billion** (to date)
  - Contribution to sustainable development
- **TL 43.6 Million**
  - Investment in community programs
- **More than 66 Million Interactions**
  - With Türkiye’s first AI assistant UGI
- **100%**
  - Commitment to comply with ESG principles in customer’s loan agreements
- **2x increase in contactless POS transactions**

**Sustainability**
- **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
- **TL 60 Billion**
  - (to date)
  - Contribution to sustainable development
- **More than 66 Million Interactions**
  - With Türkiye’s first AI assistant UGI
- **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)

**Employee Engagement**
- **4.22/5**
  - Employee engagement score
- **17 programs**
  - To raise awareness on customer privacy and information security
- **11 programs**
  - Related to employee well-being
- **40%**
  - Women ratio in senior/middle level management
- **42 Robot process automation in production medium**
- **1,080 programs**
  - To raise awareness on customer privacy and information security
- **37.4 hours**
  - Training per FTE

**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)

**Data and Technology**
- **17 programs**
  - To raise awareness on customer privacy and information security
- **108 programs**
  - 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**
- **37.4 hours**
  - Training per FTE

**Reaching More Customers**
- **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
- **780 Million**
  - Yearly transactions performed through internet and mobile banking channels
- **More than 66 Million Interactions**
  - With Türkiye’s first AI assistant UGI
- **Pioneer in Payment Systems**
  - 2x increase in contactless POS transactions
- **Customer Communication Center**
  - Leader in sector calls with a share of 12.7%
  - with 60.6 million customer contacts

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

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 39th per Market Capitalization, 36th per Dollar Volume and 8th per Volume in 2021.

Garanti BBVA has a market capitalization of TL 473 billion (USD 3.5 billion) as of 31 December 2021, and has 9% market share in BIST 100 turnover and 42% share in XBANK turnover. Garanti BBVA 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 Turkey 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 authorities, it is ensured by holding one-on-one and regular teleconferences and roadshows.

As the Voluntary Takeover Bid will take place in the first quarter of the year 2022. Directing the shareholders of 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 authorities, it is ensured by holding one-on-one and regular teleconferences and roadshows.

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.

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.

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 presents its annual financial statements 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.
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.

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.
Why is Fiduciary Responsibility a Duty?

Belkis Sara 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
- **Compliance**: Corporate Governance Rating Score 9.79/10
- **Reputation**: Transparency principle based disclosure
- **Equal Opportunity**: Target of at least 25% women members on the Board by 2025

OUR VALUE CREATION
INTRODUCTION ABOUT GARANTI BBVA
Our Governance

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.

Organizational Structure

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.

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
INDEPENDENT MEMBERS 5 YEARS
OTHER MEMBERS 11 YEARS

NATIONALITY
Turkish
Spanish

EDUCATION
Bachelor’s 55%
Master’s 36%
Doctorate 9%

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.

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 Admissions and Product Governance
18 Integrity
19 Information Systems Continuity
20 Data Sharing

You can access the resumes of Garanti BBVA Board members in the Board of Director’s section of the Annual Report website.
Senior Management

GENDER

FEMALE

MALE

AVERAGE EXPERIENCE

28 YEARS

EDUCATION

Bachelor’s 50%

Master’s 40%

Doctorate 10%

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 Admissions and Product Governance
18 Integrity
19 Information Systems Continuity
20 Data Sharing

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

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 committee 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.

In 2021, the Sustainability Policy was revised, the Sustainability and Diversity Policy and the Corporate Social Responsibility Policy were added. In addition to these, the 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.

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.
How does Collaboration Shape the Outcome?

Sibel Kaya
Executive Vice President
SME Banking

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

Women Entrepreneurship Program on its 15th year

Inclusion
Garanti BBVA Partners Entrepreneurship Acceleration Program on its 7th year

Solution Partnership
#1 among peers in SME customers’ Net Promoter Score
Materiality 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 were 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 basis 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 reputation surveys, Gallup questionnaire and internal reputation survey results analyzing employee opinions, and surveys from analysts investigating 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 assessed 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, 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.garantibvbafiyatveetaporu.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.
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 the impact of these topics upon Garanti BBVA and its stakeholders—,

As COVID-19 once again showed that the Bank attaches great importance to this new material topic.

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.
Impact on Garanti BBVA

**HOW DOES THE CYBERSECURITY TOPIC IMPACT GARANTI BBVA?**

<table>
<thead>
<tr>
<th>Opportunities</th>
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<tbody>
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<td>- Business continuity</td>
<td>- Fraud risks</td>
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<tr>
<td>- Regulatory compliance</td>
<td>- Data security risk</td>
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<tr>
<td>- Employee satisfaction</td>
<td>- Failure to provide secure and uninterrupted service</td>
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<tr>
<td>- Competent workforce</td>
<td>- Fraud risks</td>
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<tr>
<td>- Prevent potential financial and reputational losses</td>
<td>- Data security risk</td>
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<tr>
<td>- Preventative security capabilities</td>
<td>- Failure to provide secure and uninterrupted service</td>
</tr>
<tr>
<td>- Efficient operations through increased automation capabilities in security infrastructure and processes</td>
<td>- Regulatory compliance risk</td>
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<tr>
<td>- Increased customer satisfaction</td>
<td>- Reputational risk</td>
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<tr>
<td>- Customers:</td>
<td>- Lack of competencies in employees</td>
</tr>
<tr>
<td>- Information service on fraud trends and important considerations</td>
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</tr>
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<td>- Prevent potential financial and reputational losses</td>
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<td>- Increase the channels and methods used to inform customers and employees about fraud trends and important considerations</td>
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**Impact on Stakeholders**

**HOW DO GARANTI BBVA’S ACTIVITIES IN RELATION TO CYBERSECURITY IMPACT STAKEHOLDERS?**

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**Responsibility of Personal Data**

**HOW DOES THE RESPONSIBLE USE OF PERSONAL DATA TOPIC IMPACT GARANTI BBVA?**

<table>
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<tr>
<td>- 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</td>
<td>- 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</td>
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<tr>
<td>- Use data analytics effectively in various areas including offering the right products to customers, pricing, risk management etc.</td>
<td>- Regulatory risk</td>
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<tr>
<td>- Various security enhancing practices for customers</td>
<td>- Regulatory compliance risk</td>
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<tr>
<td>- Groundbreaking practices enabled by better data management and AI</td>
<td>- Data security risk</td>
</tr>
<tr>
<td>- Develop applications that will support the expansion of our customer base</td>
<td>- Failure to provide secure and uninterrupted service</td>
</tr>
<tr>
<td>- Process automation using AI and data analytics, a better customer experience with minimum errors and high speed</td>
<td>- Service continuity risk</td>
</tr>
<tr>
<td>- Enhance customer satisfaction by offering smart, customizable solutions</td>
<td>- Customers: Use fast customer solutions</td>
</tr>
<tr>
<td>- Implement active pricing strategy, prevent fraudulent transactions</td>
<td>- A good customer experience in pricing and product delivery</td>
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<tr>
<td>- Accelerate and facilitate customer’s and employees’ access to information with the use of chatbots, and increase operational efficiency</td>
<td>- Smarter, differentiated and customized experiences for customers</td>
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<td>- Support customers’ financial health and planning skills with data analytics</td>
<td>- Solutions supporting financial health</td>
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<tr>
<td>- Service continuity</td>
<td>- Security and privacy</td>
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**Impact on Garanti BBVA**

**HOW DO GARANTI BBVA’S ACTIVITIES IN RELATION TO RESPONSIBLE USE OF PERSONAL DATA IMPACT STAKEHOLDERS?**

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SOLVENCY AND FINANCIAL PERFORMANCE

Impact on Garanti BBVA

**Impact on Stakeholders**

**HOW DOES A ROBUST VS. UNSTEADY SOLVENCY AND FINANCIAL PERFORMANCE IMPACT GARANTI BBVA?**

**Opportunities**

- Risk of instability in the system
- Loss of capital, customers and employees
- Reputational risk
- Loss of shareholders and investors
- 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
- 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

**Financial services sector should also adopt the SDGs in various ways, including, for example, by reshaping market opportunities and increasing long-term sustainable funding.**

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**SUSTAINABLE DEVELOPMENT GOALS AND GARANTI 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 those goals by way of its policies, products, services, and processes.

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

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 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, Atlıye platforms that complies 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.
In 2021, Garanti BBVA continued its initiatives facilitating access of customers with disabilities to services from branches and Garanti BBVA ATMs, which contribute to their physical and financial freedom. Delighted that over 2.5 million employees completed the blended e-sign training developed to provide better service to disabled customers, Garanti BBVA expanded its service network to 3,516, dedicated-accessible ATMs, broken down into 1,354 ATMs accessible by visually impaired individuals and 2,162 ATMs accessible by individuals with orthopedic and visual disabilities.

Under the partnership established with BlindEye, Garanti BBVA enabled visually impaired customers to better perform their transactions with the help of voice instructions through Garanti BBVA Mobile and internet banking. Visually impaired customers can easily perform many transactions without account locking, money transfers and cash burdens with the help of voice instructions without needing anyone else’s help. This collaboration also made Garanti BBVA a part of BlindEye’s Eyeland (in Turkish: Görme Eylem Merkezi network).

In 2021, Garanti BBVA launched its new shopping loans set up to propagate awareness of renewable energy and efficient energy consumption for retail customers. Customer can quickly get a loan at an advantageous interest rates with Turkey’s first green and consumer-friendly shopping loan (Power System). Shopping Loan is making use of solar power in their buildings and investments in energy efficiency projects for improving their financial planning with acquiring loan at competitive prices.

In 2021, Garanti BBVA kept working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to managing its portfolio to limit net-zero emissions by becoming a signatory of NZBA.

In 2021, 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 became 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.

The Bank also embarked on the work for alignment with the General Data Protection Regulation, and introduced new projects to further upgrade data security practices. It carried on with initiatives targeted at best practices in activities aimed at raising awareness of employees and customers, data classification and data leakage prevention method in addition to efforts spent for regulatory compliance.

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 through this tough patch with the high rate of secure workplace employees, physical and administrative measures, and teamwork. The Bank offered workplace employees workplace usage awareness training and safety risks during work-at-home periods, extremely precise protection plans, and employee awareness and responsible work during the digital developments such as the integration of the Ministry of the Interior database and the Bank’s own COVID-19 database.

The Bank added 345 new digital training programs to its catalog in 2021 to let employees reach the training for any need in a mouse-click, at digital user’s leisure before the COVID-19 outbreak. 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 Edible Gender Equality training, aiming to reach its employees, followed by teachers who have a critical role in the community in this respect.

Within the framework of the Domestic Violence Platform established in 2020 to extend support to employees suffering from domestic violence whenever they need it and provide guidance to manage their problems frequently, the Bank continued to further extend its support to employees by conducting compulsory awareness training for its employees on 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 support hotline for the employees.

In 2021, Garanti BBVA integrated Awareness Campaign on Human Rights and having specific programs supporting inclusive growth by excluding bias from its community investment programs, the Bank initiated a long-term investment program with the EşitBiz Gender Equality training, aiming to reach its employees, followed by teachers who have a critical role in the community in this respect.

In 2021, while seven other banks from Turkey, the Bank had continued to support its “Sustainable Finance” which initiatives are related to 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 new financial principles as well as consideration of environmental and social impact in credit evaluation processes.

Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertaking to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA) launched in April 2021. The Bank became a signatory of NZBA 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.

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In keeping with the sustainability strategy, prioritized content, performance and target were added to operating guidance plans and were disclosed transparently.

During 2021, characterized by rapidly changing post-pandemic market dynamic, the investor relations team kept getting together with the investors by way of videoconference and teleconferences.

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.

Information was shared regarding the Bank’s action plans in view of the implications of actual and potential regulatory frameworks.

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.

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 target for female directors to constitute 25% of the Board of Directors by the end of 2021.

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 indirect)); air quality; energy management, water and wastewater management, waste management; biodiversity impact in a comparable format. This report can be found under the ESG Analytics Data tab under Environment, Social and Governance section on the Investor Relations website.

Taking its pioneering position in renewable energy, one step further, Garanti BBVA authored another sector-revealing first in Turkey 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 seize its coal exposure in its portfolio by 2040 at the latest. Garanti BBVA proved its pioneering stance in the sector and its sustainable development is by being the first bank to declare this commitment in Turkey.

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 EBSA 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.

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 various meetings and initiatives of the Global Compact, the Principles for Responsible Banking, Global Compact Bank Network, Turkey, the Turkish Business Council for Sustainable Development (B2SD Türkiye), the Banks Association of Turkey, the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group meetings.

In an effort to mobilize the local sustainable finance market, Garanti BBVA launched the Garanti BBVA Climate Index in cooperation with CMB-Turkey 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 need to contribute and transparently declare their risks and opportunities regarding climate change according to the CDP methodology.

The Bank carried out Turkey’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.

Garanti BBVA takes a stance aligned with the National Artificial Intelligence Strategy (NAIS) of the Presidency of the Republic of Turkey Digital Transformation Office. The Bank continues to train AI experts and create employment in this field in a manner that calms this issue, while attaching importance to making a difference with its innovative character; increasing national and inter-national partnerships, and producing high-quality solutions by bolstering its technical infrastructure.
### Opportunities and Risks

#### Areas Impacted by Mega Trends

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#### Garanti BBVA’s Approach

- Opportunity Drivers
  - Next-Gen Workforce
  - Productivity
  - Agility
  - Social Media Management
  - Transparency
  - Hybrid Working
  - Resilience
  - Remote Working
- Risk Drivers
  - Next-Gen Workforce
  - Productivity
  - Agility
  - Social Media Management
  - Transparency
  - Hybrid Working
  - Resilience
  - Remote Working

### 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 barred that it had become more important 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 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 years in climate action and climate change adaptation, preserving biodiversity and zero hunger needs 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.

These positive developments underline 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

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awareness, the Bank continues to play an active part in Turkey’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 solely 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. 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 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 26th 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” 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 published by the CMB, and the Sustainable Banking Strategy Plan 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 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 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.

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. 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.

4 https://www.epk.gov.tr/Sayfa/Disjaya/1630
5 https://www.idb.org/EN/News/IDB%20Eng/IDB%20Eng/1630
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 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 is one of the priorities for the Sustainable Finance Team for this facility are.

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SUPPORTING ENTREPRENEURSHIP (1) (3)

As the demographic changes gain speed particularly in emerging countries, high rate of youth unemployment is posed to remain a major global issue. According to an OECD study published in 2021, the share of “youth in 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. Increasing youth unemployment will presumably keep aggravating various risks in Türkiye and all over the world such as decreasing mass migrations, intergenerational conflicts about the policies developed for financial markets and labor markets.

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.

FURTHER DETAILS

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 of the decision-making mechanisms, 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 BRSAs’ “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.

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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 paradigm shift led to uncertainties that will pave the way for the skills and competencies required of the future.

On another note, this transformation also bears some other risks doing business and in the workplace. Marketing, robotics, etc. diminished the attractiveness of the roles among other various sectors. Competition among one hand, the technology and data infrastructures produced benefits on the other.

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 Turkey 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 EmpBiz 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 Turkey 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.

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 the skills gap means bringing the age of opportunity, it also contributes to the sustainable future of the world.

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 report, the quality and quantity of education vary widely within and across countries. Accessing the education that will pave the way for the skills and competencies required by the 21st century has become a luxury in many countries, attainable only by a specific socioeconomic status class.

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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.

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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.

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.

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Value Creation Process

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 capital 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 applications and segmentation to innovative products and solutions. 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 solutions. 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.

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 solutions. 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.

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HUMAN CAPITAL

Placing employee centrity 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 Öneren, GÖNG, 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 upsckiling 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.
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. “Öneresi” (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.

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 make use of digital savings and services remotely, which was implemented until October for roles allowing teleworking. The Bank increased the number of programs for employee happiness implemented until October for roles allowing teleworking. The Bank increased the number of programs for employee happiness.
Contribution to Sustainable Development Goals and Targets

2.3. 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.

- Garanti BBVA Agriculture Support Package

- Climate Change: Opportunities & Risks
- Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)

SUSTAINABILITY

2.4. 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, that progressively improve land and soil quality.

- Garanti BBVA Agriculture Support Package

- Climate Change: Opportunities & Risks
- Inclusive Growth (contribution to society, entrepreneurship, financial inclusion, financial education)

SUSTAINABILITY
5.1. End all discrimination against all women and girls.

5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

5.6. By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

6.1. By 2030, ensure universal access to affordable, reliable and modern energy services.

6.2. By 2030, increase substantially the share of renewable energy in the global energy mix.

7.1. By 2030, eliminate use of all unaffordable, hazardous chemicals and materials, halving the proportion of selected wastewater and substantially increasing recycling and safe re-use globally.

7.2. By 2030, double the global rate of improvement in energy efficiency.

7.3. 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.

7.4. 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 technologies, and promote investment in energy infrastructure and clean energy technology.

7.5. 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.
8.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure. In support of economic development and human well-being, with a focus on affordable and equitable access for all.

8.4. Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and productivity, in line with national circumstances, and double its share in least developed countries.

9.1. By 2030, upgrade infrastructure, including ICTs, water, energy, and affordable housing for all, and in least developed countries at a higher share of GDP than before 2010.

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9.3. 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.

9.4. By 2030, upgrade infrastructure, including ICTs, water, energy, and affordable housing for all, and in least developed countries at a higher share of GDP than before 2010.
10.1. By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.

- Employment Practices

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

- Employment Practices

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

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

- Garanti BBVA’s Environmental and Social Credit Policies,
- Garanti BBVA’s Poverty Reduction and Human Settlements Policies
- Human Capital

10.5. 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 financial institutions.

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

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- Sustainability-themed Sectoral Working Groups we participate in

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

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

- Infrastructure Investments

11.5. Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials.
12.1. By 2030, achieve the sustainable management and efficient use of natural resources.

12.2. By 2030, achieve the environment sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and substantially reduce their release to air, water and soil, in order to minimize their adverse impacts on human health and the environment.

12.3. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.4. By 2030, encourage the integrated annual reporting cycle of companies, especially large and transnational companies, to evaluate and report their impact, including sustainability information into their reporting cycle.

12.5. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.


12.7. By 2030, take urgent action to combat climate change and its impacts.

12.8. By 2025, significantly reduce global per capita greenhouse gas emissions with respect to 2010 levels and achieve the goal of net zero温室气体 emissions by 2050.

12.9. By 2030, reduce the reliance on fossil fuels and improve energy efficiency, taking into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

12.10. By 2030, achieve the sustainable development and efficient use of natural resources.

12.11. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

15.1. By 2030, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

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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.

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

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

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

17.19. By 2030, build on existing initiatives to develop and implement sustainable development that complement gross domestic product, and support statistical capacity building in developing countries.
What is the Impact of Being a Solution Partner?

Cemal Onaran
Executive Vice President
Commercial Banking

Choice
Customers’ primary business partner

Guidance
Energy efficiency consultancy

Innovation
Türkiye’s first Corporate Green Auto Loan

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

Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.
Our 2021 Material Issue: COVID-19

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 uninterruptedly and rapidly while protecting their health, and consequently to deliver good experiences.

Looking Out for Employees’ Health

Being Turkey’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 days model 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.

Flexiglass 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 employees 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 3rd 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.
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 employee feel and experience that the Bank stands by its employees also through this rough path 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 investments to hear its customers, for its customers and being positioned in their lives as a solution partner; the Bank relentlessly carried on with its surveys 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: GARANTI 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 developed solutions in every possible platform in keeping with its vision of being accessible by customers anywhere they need banking services, and

**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 Turkey, 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 the “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.

Garanti BBVA is the leader bank steering the sector.
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 during 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 BRSAs, 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,
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

Financial Health
950 thousand customers started using savings products

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

Experience
Türkiye's first AI-based smart assistant UGI offers customized solutions
Driving 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 customer-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 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 its 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.

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.

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/service 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 Turkey) infrastructure, customers were offered the capability to perform interbank money transfers up to TL 2,000 \( ^* \) 24/7 without any limitation of transaction 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

\( ^* \) The relevant transaction amount limit is determined by the CBRT and is expected to increase over time.

### 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.

### What We Did in 2021:

- Customers receiving service from various channels, brand and reputation surveys measuring brand equity and corporate reputation dynamics, and advertising research determining advertising performance.

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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 (IBMC). While customers of any bank can perform QR payments 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 manage 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 BBVA 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 under the collaboration of Garanti BBVA with the GoGaranti application through QR code, 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 5,381 disabled-friendly ATMs in 2021, Garanti BBVA 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
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, with the focus on financial health, was 37%.

• Furthermore, using the 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, with the focus on 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 about their loan limits 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 was 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 market presence, and its customers can benefit from a diversified investment range.

• 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 function 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.

• 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 pilo 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’ 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 merchant member 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 digitize 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 customized 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

Video

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

Impact
TL 60 billion total contribution to sustainable development

Contribution
To 16 Sustainable Development Goals, 59 Targets

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

Decisiveness
100% share of renewable energy in new energy production financing since 2014
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 Turkey.

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 Roles in Sustainable Growth Working Group and the Turkish Industry and Business Association (TÜSIAD) Environment and Climate Change Working Group, and actively participates in or chairs 29 initiatives in total that include numerous platforms.

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 26th 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 CDP Türkiye 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 COP 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.

UNEPI 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.


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 country 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 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 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 green finance framework and projects, with the aim of deploying 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. The Workshop was co-organized by BRSA and BAT, also incorporated in the Sustainable Banking Strategic Plan, which is considered as a high 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 know its 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.

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 270 million and EUR 234 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 recognized 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 vehicles 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 6.8 billion.

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 CMBL. 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, nitrogen oxide and sulfur dioxide reductions of 90% and 80% respectively, and a commitment to 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 sit on the 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 BIST100 index from its inception on Borsa İstanbul until year-end 2021, Garanti BBVA Climate Index has performed successfully and continuously 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 processes 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 transition 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 replacement of fleets with environment-friendly vehicles on the other. Total lending reached TL 340 million as of year-end 2021.
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 seize 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 2020 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 decarbonisation.
- 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 is similar to previous years. 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 to 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 tCO2e 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 757 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 target 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 Turkey. Accordingly, Garanti BBVA pledges to reduce its carbon emissions by 29% by 2025 and 71% by 2053. 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 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 tCO2 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 (tCO₂e/Total Assets)

<table>
<thead>
<tr>
<th>Year</th>
<th>Carbon Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>498</td>
</tr>
<tr>
<td>2021</td>
<td>22</td>
</tr>
</tbody>
</table>

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 metre 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.

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.garantibbavaiyetispor.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 (USGBC), thus becoming the first bank to have received such recognition in Turkey. Garanti BBVA Konya Branch is the only bank building holding Platinum certificate in New Buildings category. In addition, Pendik Technology Campus, Sivas Customer Contact Center and Kars payaş Kızım Building all have LEED Gold certifications.

Garanti BBVA has announced its concrete goal in 2021 within the concept of Partnerships with Financial Institutions in 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, Pavis 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 Turkey, 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 Turkey 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 2013. 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 the Istanbul Jazz Festival for 24 years, Garanti BBVA has been supporting the leading music venues in Istanbul under the name of “Garanti BBVA Konserleri” 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 Projesi) to work on waste cleaning on the surface of the 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 Istanbul Strait, are also dispatched to other locations for mucilage and solid waste cleaning in case of emergencies. On the other hand, the Blue Breath Educational 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 Beypazarı 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-Turkey (World Wide Fund for Nature-Turkey) 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.

Within the scope of the Blue Breath Project, the sea sweater collected approximately 10 thousand kilograms of waste. So far, online training sessions reached 10,238 students and 627 teachers. Blue Breath Training Bus hosted 501 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 Wristsmet in the European Championship.

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

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.

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.

Extended continuing 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 entrepreneur 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.
The Bank provides support to accelerate early startups with the potential to attract investment and grow. Under the program that extends support to 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, for example, 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 the “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 15th 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 Corporation), 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.

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 at 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 15th year.

42 thousand women applied to Türkiye’s Women Entrepreneurs Competition, organized to strengthen women entrepreneurs and celebrates its 15th anniversary, and 10,435 women participated in Women Entrepreneur Meetings.

With the Women Entrepreneurs Meetings, which attracted 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 15th 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 120,000 entrepreneurs. Garanti BBVA 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 Turkey, sustainable financing products that support equal opportunities for 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?

İşıl 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)

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

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

- **Support**
  - Employee chatbots Bilge and Kobilge answered 484 thousand questions
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, seamless user experience. Garanti BBVA puts emphasis on creating unvailed 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 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 platform based on the Bank’s vision of being accessible anywhere any time. 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 keeps developing solutions for its customers to deliver 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 saying the phone number +90 444 033 333 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 whenever 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. As the way of doing business becomes more and more important to balance it with an effortless, seamless user experience, Garanti BBVA puts emphasis on creating unvailed 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.

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.

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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 via 6,401 Garanti BBVA ATMs, an award-winning Customer Contact Center, Garanti BBVA Mobile and Internet services, which 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 reaches 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.

- 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 real-time applications in light of better data management and AI. The effect of the 2020 major upgrade to the interface and infrastructure of UGI, Turkey’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. 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.

- From 2021, customers wishing to easily manage their investments digitally can perform their share IPO stock and build and apply for a share-secured loan via mobile banking channel, besides the Internet banking channel.

- The need for contactless transactions 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-encoding 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. For this purpose, Garanti BBVA’s smart assistant project, payment with QR from account and credit card function from all POS devices went live. This capability is offered both in BonusFas 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 type.

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.

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 frictonless.

- 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 within the app 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 capability with its new infrastructure. UGI, on the other hand, not only extends support to service 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 bills 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 İstanbulkart, the prepaid transportation card for Istanbul, in addition to Kentkart. With Istanbulkart 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.
Garanti 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 20 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 Service 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 also enjoy 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 touching the cash in their demand or time deposits.

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 enrolments 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.

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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 credit cards within the scope of 20 different campaigns each month specifically for trademen 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.
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 allows 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 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 reporting 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. n1, 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 to offer targeted interfaces that will be incorporated within SMEs’ and customer businesses 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 automate 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 merchant 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 e-commerce, Bonus F 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 accommodate 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 Garanti Plsler (Business@Garanti) web platform accessed via www.garantibbavapos.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

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

### Material Topics

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<tr>
<td>NIM Including Swap Costs (%)</td>
<td>21 bp expansion</td>
<td>85 bp contraction</td>
<td>-100 bp contraction Beat</td>
<td>Beat</td>
</tr>
<tr>
<td>Net Fees &amp; Commission Growth (%)</td>
<td>5%</td>
<td>40%</td>
<td>-30% growth Beat</td>
<td>Beat</td>
</tr>
<tr>
<td>OPEX Growth (%)</td>
<td>(Bottom line impact: -9%)</td>
<td>28% (excluding currency impact: 22.6% since currency impact is 100% hedged, there is no bottom line impact)</td>
<td>-CPI, Mix (inflation-adjustment-related additional provision to be settled in 2022 associated with employee benefits inflated 2021 base)</td>
<td>Beat</td>
</tr>
<tr>
<td>Cost / Income Ratio (%)</td>
<td>36.5%</td>
<td>34%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leverage</td>
<td>7.7x</td>
<td>9.7x</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ROAE (%)</td>
<td>11% (adjusted with free provisions: 14.4%)</td>
<td>19% (adjusted with free provisions: 22.6%)</td>
<td>16-18% Beat</td>
<td>Beat</td>
</tr>
<tr>
<td>CAPITAL ADEQUACY RATIO (%)</td>
<td>16.1% (Excl. BRSA temporary measures)</td>
<td>14% (Excl. BRSA temporary measures)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CET1 RATIO (%)</td>
<td>14.3% (Excl. BRSA temporary measures)</td>
<td>11.3% (Excl. BRSA temporary measures)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**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.

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**Contributed Sustainable Development Goals**

1. Net Cuff excludes currency impact, so 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.
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 market portfolio during the period, to support margin management. Interest earning assets’ share in total assets is the highest among peers with 82%.

**Asset Breakdown**

- TL 849 BN
- TL 264 BN
- 56.0% Performing Loans
- 31% Consumer (Ex. CICs)
- 49% TL Business
- 18% Credit Cards
- 4% Mortgage
- 10% GFL
- 1% Auto

**Performing Loans**

- Total: 335.0 TL ($31.3 US $ billion)
- TL: 207.6
- FC (US $): 127.7
- QoQ: 19% / YOY: 42%

- Total: 73.9
- TL: 46.6
- FC (US $): 27.3
- QoQ: 23% / YOY: 34%

**Securities**

- Total: 398.4 TL ($36.5 US $ billion)
- TL: 252.7
- FC (US $): 145.7
- QoQ: 19% / YOY: 42%

- Total: 80.7
- TL: 54.3
- FC (US $): 26.4
- QoQ: 23% / YOY: 34%

- TL Performing Loans Growth

- TL 264 BN: 10%
- TL Performing Loan Growth 56.0%
- TL Performing Loans 42%
- Performing Loans Growth 34%

**TL Performing Loans**

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.

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 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 72% 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

**Expanding Zero-Cost Demand Deposits Base**

**Stickier & Low-Cost Deposit Base**

- SME & Retail / TL Cust. Deposits*: 72%
- SME & Retail / FC Cust. Deposits*: 76%

**FC Demand Deposits / FC Cust. Deposits**

- TL Demand Deposits / TL Cust. Deposits: 51%
- FC Demand Deposits / FC Cust. Deposits: 60%

* Excludes leasing and factoring receivables.
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.

### Stage-2 Breakdown (Billion TL)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wc</td>
<td>62.4</td>
<td>65.3</td>
</tr>
<tr>
<td>Rctd</td>
<td>16.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Watch</td>
<td>13.3</td>
<td>12.7</td>
</tr>
<tr>
<td>Pd</td>
<td>4.4%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

### Unconsolidated Net F&C Breakdown

*Excludes LYY related dividend income

<table>
<thead>
<tr>
<th>See also:</th>
<th>2020 (TL)</th>
<th>2021 (TL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net F&amp;C</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Cash Loans</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Non-Cash Loans</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Quick Markets</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Money Transfer</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Insurance</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>6.9% Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### NPL Evolution

*Excludes LYY related dividend income

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL</td>
<td>8.84</td>
<td>7.38</td>
</tr>
<tr>
<td>NPL adj. with Currency Impact &amp; NPL sales and Write-downs</td>
<td>8.84</td>
<td>7.38</td>
</tr>
</tbody>
</table>
As a result of all these, Garanti BBVA managed to 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.

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, 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.

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 coverage both Voluntary PPS* and PPS Auto-Enrollment.
- 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-Enrollment 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.

** Based on data published by the Pension Monitoring Center on 31 December 2021.
2022 OUTLOOK

2022 OPERATING PLAN GUIDANCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>TL LOANS (Y/Y)</td>
<td>&gt;25%</td>
</tr>
<tr>
<td>FC LOANS (IN US$, Y/Y)</td>
<td>Shrinkage</td>
</tr>
<tr>
<td>NET COST OF RISK*</td>
<td>&lt;150bps</td>
</tr>
<tr>
<td>NIM INCL. SWAP COST</td>
<td>+50-75bps</td>
</tr>
<tr>
<td>CORE NIM (NIM INCL. SWAP EXCL. CPI)</td>
<td>Flattish</td>
</tr>
<tr>
<td>FEE GROWTH (Y/Y)</td>
<td>&gt;25%</td>
</tr>
<tr>
<td>OPEX GROWTH (Y/Y)</td>
<td>&gt;avg. CPI</td>
</tr>
<tr>
<td>ROAE</td>
<td>&gt;20%</td>
</tr>
</tbody>
</table>

* 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.

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 maintain a 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 Enrollment.

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.
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 automate 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 vast technological infrastructure 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.

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 transcending 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. Moreover, 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.

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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:

- Aiming to fulfill customer needs in the fastest and most efficient manner, Garanti BBVA successfully implements these strategies in its digital products. 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.

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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 the move, Garanti BBVA presents the offers consolidated by analytical tools to the virtual assistant and offer them solutions at the right place, the right time 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.

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- Aware of the fact that user needs are not shaped only when on the move, Garanti BBVA presents the offers consolidated by analytical tools to the virtual assistant and offer them solutions at the right place, the right time 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:

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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.
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 next 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 line 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 redeigned 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 automate 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 undertook 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 the International excellence award launched in 2018 to offer a better banking experience, the C-CSRs (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.garantibbaavsinvestorrelations.com.

For effective integration within the Bank and for promoting the 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 projects 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 ESIA 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. 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.

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.

The Bank will continue to develop new products to understand customer demands and needs 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 drive suggestions centered around the user.

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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.

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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.
What Does Human-Centered Bank Mean?

Didem Dincer Baser
Executive Vice President
Talent & Culture

37.4 hours training per employee and 11 well-being programs

58% of all employees, 40% of senior and middle level management are women

95% of employees attended “Upskilling & Reskilling” trainings

>27,500 ideas collected from employees through You Suggest platform

Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.
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 remote working, and while benefiting from the flexibility and productivity of its top performers.

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, and 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, 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 development culture are continuously evaluated. Results.

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, 8,038 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.

In 2021, 23 Data Scientists, 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 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 arms 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.

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. Adapting 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 financial 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.

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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...
nearby accidents and can benefit from these initiatives. Garanti BBVA employees have dental treatment, prescription glasses and contact lenses. The Bank and the employees respect human rights. For a maximum of 7 days in total, a maximum of 60% of the working time is non-working time. 

**NEAR MISSES AND WORK-RELATED ACCIDENTS**

Near misses and work-related accidents were 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. 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 174,175 days for men. 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. In these live streaming events, the BBVA Senior Management team was key 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 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 were organized by the Bank’s Retention and Social Assistance Fund services for health expenses not covered by private health insurance, such as dental treatment, prescription glasses and contact lenses.

**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 relationships regardless of language, race, gender, political ideology, philosophical belief, religion, sect and the like, sexual orientation, family responsibilities, disabilities, age, medical conditions, and union membership. The Bank and the employees respect human rights.

**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 in professional and community life 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.

Garanti BBVA is a founding member of 30% Club Türkiye launched in March 2017 for greater representation of women in senior/middle level management.

**Women employees comprise 58% of all employees and 40% of senior/middle level management**

**What We Did in 2021**

Women’s Leadership Mentorship Program continued for executives in 2021. To date, more than 50 women executives received mentorship and more than 30 women promoted.

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. During the pandemic, awareness communication initiatives were carried out as a reminder of the existing programs and 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 Bank has launched a compulsory training for all employees on the basis of an awareness planning in relation to Gender Equality that focuses on within the scope of its Community Investment Programs. The Bank initiated a long-term investment program with the EspBbz 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 promoted.

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. During the pandemic, awareness communication initiatives were carried out as a reminder of the existing policy and 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
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 Banksar A.S. Memuru ve Mıstahdemleri Emekli ve Yardımcı 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 platform to digital services;
• Focus on initiatives seeking to deepen the experience of learning from one another.

New steps will be taken for enriching 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?

Ilker Kuruöz
Executive Vice President
Engineering & Data

Video

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

**New Technologies**
93 processes developed with Robotic Process Automation

**AI Solutions**
With 62 projects 115 new machine learning and deep learning models integrated

**Awareness**
108 education or informative activities in relation to external fraud
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 a 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 available, 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 (BRRSA), Banks Association of Turkey (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 among 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 employing 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 entrepeneurships, 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 gave 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’ needs of the future by working 24/7 . 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.

Using the RPA (Robotic Process Automation) technology that has become a critical step of digital transformation since 2019, focus is placed on automating 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.

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 smarters 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.
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, ethnic 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.garantisxbbva.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.

G-Matic - Lobby ATM Integration: The Bank customers after performing a transaction on ATMs is enabled for users to use Garanti BBVA’s G-Matic - Lobby ATM Integration: Cash withdrawal was enabled for customers after performing a transaction on ATMs is enabled for users to use Garanti BBVA’s G-Matic - Lobby ATM Integration.

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.

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 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 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 debit 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), intrabank 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 format offered to the Bank customers after performing a transaction on ATMs is made available also for non-Bank customers.

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.

Financial aid to SME customers: With the EY and Garanti BBVA’s Smart Transactions service, supported by Human Rights and non-discrimination principles, an exhibition was prepared to present Garanti BBVA’s support services for SME customers to both the Bank’s customers and non-Bank customers.

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.

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.

4 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
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.
- Forwards transactions can now be performed via Garanti BBVA Internet channel so that customers assigned a derivatives partner customers to products and financing instruments required to be taken in connection with commercial loan pricing algorithm and collateralization assessments.
  - 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 the model that covered four subcategories, namely, Front End, Back End, Batch and Big Data and API Development.

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 bestowed with a total of 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 34,861 hours of training under the programs that covered four subcategories, namely, Front End, Back End, Batch and Big Data and API Development.

In 2021, 17 programs were organized to raise awareness of customer privacy and information security. With the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security who completed 14,861 hours of training in total with the Information Security, Information Security with the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security who completed 14,861 hours of training in total with the Information Security, Information Security with the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security with the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security with the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security with the increasing number of training sessions, the rate of employees who completed the Information Security, Information Security with the 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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. Throughout 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 uninterrupted 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, 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.

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.

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What is Achieved if Risk is Managed?

Managing Environmental and Social Risks associated with financing activities

Establishing risk appetite and limits to carry out strategy confidently

Managing change through macro economic scenarios and stress tests

With 66% coverage

3.6% Non-performing Loans Ratio

Murat Atay
Chief Credit Risk Officer

Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.
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 set down by the Board of Directors; review and update the capital adequacy; report their results regularly to relevant units, committees and senior management.
- 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.
- 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.
- Conform to the ICAAP principles and coordinate with business unit risk teams to help them to conform to the ICAAP principles.
- 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.
- Propose and implement coordinated responses to material risks.
- Monitor the implementation of risk management strategies and policies in a consistent and systematic manner.
- Ensure that the implementation of risk management strategies serve to increase the depth and quality of the Bank's risk management framework.
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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 processes 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

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.

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.

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.
Audit Committee’s Assessment
of the Operations of Internal Control, Internal Audit and Risk Management Systems

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. The Committee has ensured that the audits are prioritized, 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 promptly 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 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 Board 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 also 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 by the Board 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 effectiveness of the Bank’s internal control 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.

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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 was 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

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, debit sales and write-down of non-performing loans and the growth in loan portfolio, the Bank’s 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 policies 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

Toniye Garanti Bank A.S. (“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-21 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 Regulation on the Banks’ Corporate Governance. The Corporate Governance Committee is presented in detail on the Investor Relations website, under the Committees 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

<table>
<thead>
<tr>
<th>Section</th>
<th>Full Compliance</th>
<th>Partial Compliance</th>
<th>N/A</th>
<th>Exempted</th>
<th>No Compliance</th>
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<tbody>
<tr>
<td>Shareholders</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Disclosure and Transparency</td>
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<td>0</td>
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<td>0</td>
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<tr>
<td>Stakeholders</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Board of Directors</td>
<td>19</td>
<td>3</td>
<td>1</td>
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<td>2</td>
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<tr>
<td>Total</td>
<td>59</td>
<td>3</td>
<td>2</td>
<td>0</td>
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</tbody>
</table>

### Sustainability Principles Compliance Status

<table>
<thead>
<tr>
<th>Type</th>
<th>Full Compliance</th>
<th>Partial Compliance</th>
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<th>To Be Evaluated</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental</td>
<td>25</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Governance</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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.

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:

<table>
<thead>
<tr>
<th>Main Sections</th>
<th>Weight</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td>25%</td>
<td>9.67</td>
</tr>
<tr>
<td>Disclosure and Transparency</td>
<td>25%</td>
<td>9.85</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>15%</td>
<td>9.86</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>35%</td>
<td>9.81</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9.79</td>
</tr>
</tbody>
</table>
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.

**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

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**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**

<table>
<thead>
<tr>
<th>WEIGHT</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td>25%</td>
</tr>
<tr>
<td>Disclosure and Transparency</td>
<td>25%</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>15%</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>35%</td>
</tr>
</tbody>
</table>

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**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.**

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**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 1st Legal Reserve Fund (TCC 519/1) | 0.00 |
| B - First dividend corresponding to the 5% of the paid up capital | 210,000,000.00 |
| C - 5% Extraordinary Reserve Fund | 643,165,317.70 |
| D - Second Dividend to Ordinary Shareholders | 1,097,331,000.00 |
| 2nd Legal Reserve Fund (TCC 519/2) | 159,733,100.00 |
| The other funds to 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**

<table>
<thead>
<tr>
<th>GROUP</th>
<th>TOTAL DIVIDEND AMOUNT</th>
<th>TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT</th>
<th>DIVIDEND PER SHARE (NOMINAL VALUE: TL 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash (TL)</td>
<td>Bonus Share (TL)</td>
<td>Ratio (%)</td>
</tr>
</tbody>
</table>
| GROSS(*) | 1,307,331,000.00 | - | 10.00 | 0.3127 | 31.1269%
| NET | 1,176,597,900.00 | - | 9.00 | 0.28014 | 28.0542%

* Tax withholding at 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.
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.

Board of Directors’ Responsibility for the Annual Report
In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6302 (“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:

a) 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.

b) 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 indicates 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.

c) 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.
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:
  - Number of assessed projects in 2021
  - Risk rating of the assessed projects in 2021
  - Number of project site visits conducted during 2021
- Renewable energy portfolio:
  - Amount of investments in renewable energy projects by type as of the reporting period end
  - Installed capacity of renewable energy projects by type as of the reporting period end
  - 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:
  - Total number of cardless transactions from Garanti BBVA ATMs in the reporting period

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.
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 BAÑEZ-AZCONAGA 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 BAÑEZ-AZCONAGA 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
OVERSEAS BRANCHES

TURKISH REPUBLIC OF NORTHERN CYPRUS - LEFKOSA BRANCH
Bedrettin Demirel Caddesi
No: 114 Lefkoşa/TRNC
Tel: +90 392 600 53 00
Fax: +90 392 600 53 20

TURKISH REPUBLIC OF NORTHERN CYPRUS - GİRNE BRANCH
Mete Adamer Caddesi No:18
Girne/TRNC
Tel: +90 392 650 53 00
Fax: +90 392 650 53 20

TURKISH REPUBLIC OF NORTHERN CYPRUS - GAZİMAGUSA BRANCH
Sakarya Mahallesi Esref Bilis
Caddesi No: 20 Gazimağusa/KKTC
Tel: +90 392 630 03 00
Fax: +90 392 630 03 20

TURKISH REPUBLIC OF NORTHERN CYPRUS - GİRNE CARŞI BRANCH
Mustafa Cağatay Caddesi No:17
Girne/KKTC
Tel: +90 392 650 53 30
Fax: +90 392 650 53 50

TURKISH REPUBLIC OF NORTHERN CYPRUS - GONYELİ BRANCH
Düzoyal Sokak No: 12 / B Gonyeli
Lefkoşa/ KKTC
Tel: +90 392 680 30 00
Fax: +90 392 680 30 20

TURKISH REPUBLIC OF NORTHERN CYPRUS - GUZELYURT BRANCH
Ecevit Caddesi No: 29/A
Güzelyurt/ KKTC
Tel: +90 392 660 30 00
Fax: +90 392 660 30 20

MALTA BRANCH
Oğuz Ozdemir
Strand Towers, 36 The Strand Siema
SLM 1022 Malta
Tel: +356 232 88 000
Fax: +356 232 88 160
Swift: TGBAMTMTXXX

REPRESENTATIVE OFFICES

SANGHAY
Noyan Rona
Room 1304 Marine Tower No:1 Pudong
Avenue 200120 Shanghai, P.R.C.
Tel: +86 21 5879 7900 - 5879 4155
Fax: +86 21 5879 3896

Please scan image with your “QR Code Reader” equipped smartphone to access Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com for additional information on Garanti BBVA.