



INTERVIEW WITH MR. HÜSNÜ EREL

INVESTOR RELATIONS

<Q – Handan Saygin>: Hello everyone, today I have the honor to interview our EVP (Executive Vice President) Hüsnü Erel that is in charge of technology, operations, processes and organization. He agreed to accept my interview after chasing him for years just on his way to retire. After serving at Garanti for 24 years after having 48 years of work life. and I am really excited to interview with you, but by the way. and Could we just start with how this journey all began?

<A – Hüsnü Erel>: Thank you very much Handan. Hello everybody as well. Actually my journey with Garanti Bank has started in 1994. At these days Garanti was not in the shape that we have experiencing today. We had only 300 branches, we were almost a very moderate bank within Turkish market and the aim of the bank at these days was to be the best bank in Turkey actually, then we have changed this as a slogan to be the best bank in Turkey. After three years and after five years we have been the best bank in Turkey as well. So in 1994, I have joined the bank with almost 300 branches at these days from the IT perspective within too much actually so we have started quite fast with the IT part total first 3 years we have heavily invested both in technology but before that we have heavily invested into talent. So the talent and culture has been our mission to be the best in Turkey from the very beginning. So this is how the journey has started. Before that I have experienced about ten years within banking and then before that I was an actually electronics engineer so I was in the engineering let's say business. After that starting with 1985 in Interbank and then in 1994 in Garanti I have been always working for the finance groups.

<Q – Handan Saygin>: In this journey, what were the steps taken to be the best bank in Turkey and then, you know, now the global benchmark.

<A – Hüsnü Erel>: Ok. What we have started we have start as I said investing into technology for the first three years. Then, it was the time to create our own application, which will actually empower the bank in many areas so what we have decided that we should be first concentrating on all the processes that we already had and designed to be quite manual so in 1995 we have started the big project through the bank project with the BPR meaning that business process reengineering starting from very beginning in 1997 says in a very successful project lasted for most for two years and through that journey we designed almost every process within the bank and then start executing it. So in 1999 we have created Abacus, our back office operations without any paper. It was totally a paperless environment in 1999. And we were may be the best and the first bank in the world having all these processes fully digitized and without any paper. After that project, we have achieved two things: one, the IT, the processes and Abacus, which is our back office company which we have started almost with 100 people now it is slightly over 1000. We have started the IT with 140 people now IT is around 1600 people and we own all our software that runs the bank all the mission critical software that has been developed in house which is also a different approach from most of the banks in Turkey and in the world as well.

<Q – Handan Saygin>: Making us unique in a huge competitive edge.

<A – Hüsnü Erel>: It is. It is. And this design gave us the opportunity of making of all kind of modifications within our network. So, projects and organizations came one after each other. After Abacus, we designed to create MİYPA, which was responsible for customer experience, which was responsible for central marketing, customer analytics, and the network. The branch network, the ATM network, optimizing that networks so it was a broad range of products and services and we designed and developed it this constructed that department 1999. Then after that, we also strengthen our capabilities within process and organization so we developed another organization which was reporting to me was organization and process department. After couple of more years, very close to year 2010 we have also created another division which was very important for us, it was the IT security both fraud security, the fraud part and for the IT part. For the bank and for it. So, in a nutshell, I was not only running the IT and operations, I was running a set of complementary parts of the bank, which was we have created the very good back office service point for our front end service.

<Q – Handan Saygin>: Very very solid infrastructure you are the mastermind.

<A – Hüsnü Erel>: Thank you.

<Q – Handan Saygin>: So, probably after setting all these architecture, very solid architecture, then follow the innovations, and do you know I know since I joined the bank, all have been bragging about us leading in innovations and being first even having many first technologically in the world so how did it all follow?

<A – Hüsnü Erel>: Well, actually it is not very complicated thing to do as long as you control everything. You really think in the shoes of your customers all these things come ok. We have started trying to ease the life of our customers both the companies and for individuals so coming back for the individuals we have started many leading projects with money withdrawals, with processes, and with our first internet site in Turkey and then of course with the mobile. From the companies point of view, we have only connecting companies and the bank so we should be doing the transactions very easily and very simple and transferring all these data between companies and the bank. So as long as you are in the shoes of your customers or thinking you as an individual, as a customer actually all these come after each other and we don't forget we have a very strong team. Always thinking about what we can do for easing the life of our customers. So, all these breakthroughs actually came through that process. We have a designed and customized process for innovation as well.

<Q – Handan Saygin>: Collecting all that data from the customer experience, analytics team, getting the feedback and developing of all. That is making a difference. Probably it will be very difficult to, you know, count all those innovations. There has been many, but could you talk about a few that you are really proud of that you think groundbreaking transformed really Garanti

<A – Hüsnü Erel>: Well, there are a couple of major turning points, one is of course the internet. In 1997, where people were discussing what internet is actually we started making transactions in internet. We were the first in Turkey, we were the first almost in Europe may be in the whole world as well. Very few banks not only giving data to the customers giving information, but making transactions. So in 1997, despite all the weak infrastructure of communications in Turkey, we were making transactions in internet. The second breakthrough is for the bank is the process and the process digitalization of these processes. So digitalization at the point of data that actually is feeded to the bank which is the branches or our digitalization process always started within the branches and then move through the bank with very fast speed all through this processes so we were able to minimize our time to serve to the customers through this digitalization process. Then came a lot of different breakthroughs but another one was actually the mobile. After using internet for many years, with the development in technology of mobile applications and mobile phones and intelligent phones, we decide that we should be investing heavily into that as well so releasing the people and making them

available any time anywhere making all these transactions and getting the information so mobile revolution was another breakthrough. Then for the last three years we made a lot of different changes which in almost three years ago we started developing a mobile application for our actually salespeople. So we started to completing the circle. Half of the circle was mobile for customers but we were not in the face of serving the customers with the same information in our salesforce. So we completed the actually the circle by developing the application **STEP** for our salespeople. And putting two dimensions into that one was the collaboration tool and the other one was the banking part. So we decided to create a bank within a tablet. This was the actually the preparation for the new distribution channels of the modification we were going to make in the distribution channels. The first modification has been done with the Garanti plus we have we are converting all the lobbies to one stop shop. Now we are making a project which is going to be announced very soon which I will not give of course the details for the time being most probably Fuat Erbil, our CEO is going to announce it. We are making a big change also in our distribution network shaping up the network, shaping up our salesforce. More will come and you will hear about it.

<Q – Handan Saygin>: Yes, that is very exciting. already it is very exciting we just are telling the story of branch transformation and how empower mobile and salespeople are and that alone is was exciting and there is even more to come that is great news so on your way I mean actually on your retirement leaving a huge legacy behind.

<A – Hüsnü Erel>: This project has make my retirement actually delayed for three more months. Actually I have retired three months ago. Officially I have retired. But because of that project, I was continuing doing the last pieces of the project and preparing it to be executed in the coming months, so now, it is finished by yesterday as the final decision has been made the last steering committee has been made now I can retire. Hoping that I will see it totally different bank in the next coming three years. And this bank will be the best, still the best bank in the world for the next coming ten years.

<Q – Handan Saygin>: What a wonderful way actually to retire hope all of us reach retirement just like you did feeling so accomplished and leaving a huge legacy behind and making sure that you know what you have built will continue so I understand you are the one also identified who will be your successor do you want to mention it about this process as well?

<A – Hüsnü Erel>: Well, working with the processes so many years of course retirement was another process and another project for me so it has been planned for almost more than a year will be discussing with Fuat the CEO the timing and how it was going to happen when and who is going to be assigned. So we actually select the candidate that has been also has gone through our company and work there for almost nine years then went out have different and great let's say experience and we hire him back so I am very happy leaving this to İlker. For the last six months we were planning that we were in contact for the last six months then we decided on the timing and for the last three months I have been handing over so everything is going very smooth and I am available whenever they want, if they want to ask anything, if they want to consult anything, which will be a great honor for me as well to help them but I don't think that they will need it because we have an excellent team and this team will do a lot and İlker of course will enjoy that.

<Q – Handan Saygin>: Thank you for being with us and we wish you all the best in your retirement. I hope you enjoy it even more than what how you enjoyed working at Garanti.

<A – Hüsnü Erel>: Thank you very much.

<Handan Saygin>: Thank you so much. And thank you for being with us. Pleased today we hosted Hüsnü Erel, our retired mastermind, our architect behind Garanti technology and please keep following us on garantiinvestorrelations.com and our application. Have a wonderful day.