



# 2022 INTEGRATED ANNUAL REPORT

A black and white photograph of a lighthouse on a rocky island, with large waves crashing against the base of the lighthouse. The lighthouse has a white body with black horizontal bands and a black lantern room. The scene is dramatic and conveys a sense of resilience.

**The story of  
resilience**

**We will heal together and not forget.**

Our whole country is in deep sorrow due to the devastating earthquakes that affected our 11 provinces.

As Garanti BBVA, we acted quickly with the awareness of our responsibility in this matter. While trying to provide all kinds of support for our citizens and employees living in the region, we also took immediate measures to ensure the continuity of our services in an uninterrupted manner.

Recovery will take a long time. With this recognition, we will continue to work and support with all our strength to heal the wounds of the disaster together.



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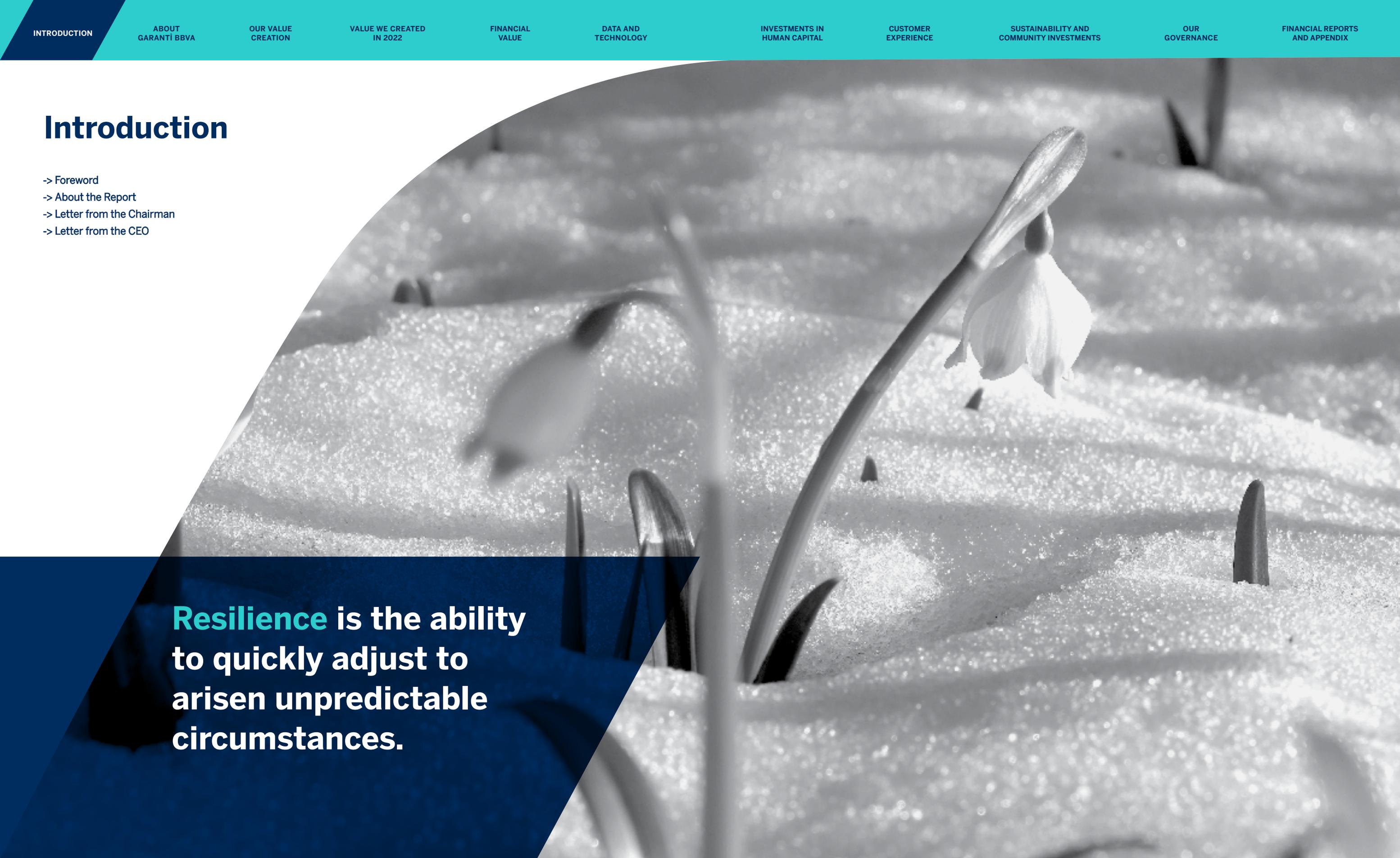
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# Introduction

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**Resilience** is the ability  
to quickly adjust to  
arisen unpredictable  
circumstances.

# Foreword



Our world is challenged with variety of risks and threats that are of magnitude never seen before. There is no doubt that almost every generation faced various issues and risks throughout history.

However, none of the risks were as rapid, volatile and unforeseen as the ones we have been going through. In fact, the VUCA world which is considered as the new normal since the early 2000s, has been an agenda item both for individuals and organizations. The resiliency in this respect, has been tested with the COVID-19 pandemic that occurred at a totally unexpected time.

In 2020, the pandemic caught many institutions from a point they have never experienced before.. It was the first time that a virus that emerged in a distant part of the world, radically affecting not only health but also the global economy.. In 2021, 'normal' was redefined and the awareness brought by the pandemic experience triggered a transformation. In year 2022, we went through further

resiliency tests with the Russia-Ukraine war, global inflation, and the climate crisis that got even more tangible. And right before the publication of this report, our country was hit by two destructive earthquakes. We have a long and tough period ahead of us. With the recognition that the recovery process may take a long time, it is evident that embracing a more holistic approach to different aspects of resiliency is needed.

The concept of 'resilience' actually has been on the agenda of psychologists for half a century. Even though this concept has mostly been studied from the aspect of individuals, it had to be also tackled from the aspect of organizational behavior, especially after the rapid evolution of technology that brought change in the way of doing business along with higher pace and competition in the work environment.

Cranfield University defines resilience as the ability to anticipate and be

prepared not only for change, but also for uncertainties and complexities, and also ability to adapt and to take action with agility.

In this context, resilience is not rigidity; but enabling transformation through flexibility, agility and adaptability. Rigidity leads to fragility under tough conditions, whereas flexibility allows reshaping per differing circumstances and moving forward. Therefore, resilience embodies several notions, mainly adaptation, agility, flexibility, trust and sustainability. What is even more important is to sustain resilience. To achieve this, it is necessary to create an internal culture which promotes learning and innovation.

In brief, an agile approach in obtaining necessary skills to cope with today's issues and be well-prepared for the future, has become even more vital. Whether they are individuals or organizations, the absolute need for resilience has tested everyone's limits

initially with the pandemic, then with the post-pandemic normals, global economic turbulences, and most recently with the two successive destructive earthquakes affecting a large geography in our country.

Completing 2022 with a strong performance, Garanti BBVA continued to create value for all its stakeholders despite the challenging conditions. The agility and adaptation our Bank exhibited in the reporting period reflect the sustainable resilience achieved long ago. In fact, nowadays, the building blocks of our resilience are:

- Uninterrupted and ongoing investments in technology and infrastructure since early 90s;
- Management structure that considers growth not just on the economic perspective but with a focus on sustainable transformation;
- Corporate governance understanding and vision with realization that the

sustainability of the financial system is not possible without a liveable earth and society with equal rights;

- Competent human resource and digital transformation in founding an agile organization.

The key message of our 2022 Integrated Annual Report was constructed on 'resilience'. In here, as a resilient and strong player in the banking sector, starting with our own resilience journey, we tried to demonstrate how we contribute to formation of resilient institutions via sharing the experiences of our own stakeholders'. Within the strong financial system we operate in, we assume a role in;

- establishing resilient infrastructures in the manufacturing industry,
- constructing well-planned and robust buildings to enable decent living spaces,
- supporting sustainable agriculture and the combat against climate crisis,

- and financially strengthening individuals via advise on financial health .

With the awareness of our role, we know that sustaining our performance requires continuous innovation and development, benefiting from the age of opportunity, and moving forward. Even though the success, progress and transformation we have achieved in prior tests demonstrate our resilience, this is not a journey that has reached its final destination. This is a long-lasting, never-ending journey that will keep presenting new risks and opportunities. As Garanti BBVA, while we continue our journey sharing our experience with all our stakeholders, we will continue to encourage the ones within our sphere of influence in their own journeys.

# About the Report

As T.Garanti Bankası A.Ş. ('Garanti BBVA'), we are pleased to present our 6th integrated annual report, which shares our forward looking strategy with a holistic assessment of our financial and non-financial performance.

This report aims to communicate with all our stakeholders in a clean and comprehensive way about how we create value for our stakeholders, our forecasts, how we take action against possible risks and opportunities - not just as a Bank, but as an institution that acts responsibly towards the environment, human and society.

The 2022 Integrated Annual Report has been prepared to cover the year 1 January - 31 December 2022. Significant events after this date and up to the date of approval of the Board of Directors, 02 March 2023, are also included in the report. Unless otherwise stated, the report includes information about its activities in Turkey, its international subsidiaries in the Netherlands and Romania, its overseas branches in Cyprus and Malta, and one international representative office in Shanghai.

As a member of the IFRS Foundation Sustainability Alliance and a founding

member of the Integrated Reporting Turkey Association (ERTA), we prepared the report in accordance with the IFRS Foundation Integrated Reporting Framework. In this context, as suggested in the Integrated Reporting Framework, the connection between the material issues, business strategy and performance in 2022 is clearly established. Additionally in the report, we present our value creation model, double materiality analysis, our annual activities, financial and nonfinancial performance, our expectations, our targets in key material issues and our approach to corporate governance and risk management, in detail.

Our 2022 Integrated Annual Report has been prepared in accordance with GRI Standards. There are 6 main chapters titled "Introduction", "About Garanti BBVA", "Our Value Creation", "Value We Created in 2022", "Our Governance" and "Financial Reports and Appendices". It also includes the GRI Financial Services Sector disclosures, United Nations Global Compact ('UNGC') and Women's Empowerment Principles ('WEPs') Progress Report, and a summary table of climate related disclosures in accordance with the Task Force on Climate Related Financial Disclosures

('TCFD') recommendations. The Report includes the Impact Report published in accordance with the Principles for Responsible Banking developed by the United Nations Environment Program Finance Initiative ('UNEP FI'), of which Garanti BBVA is a signatory. 2022 Integrated Annual Report, which has been audited by Ernst & Young and published with the decision of the Board of Directors, will be presented at the Bank's Ordinary General Shareholders' Meeting.

Ernst & Young 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. In the report, we have marked the non-financial data audited for the year 2022 in the relevant tables. With this demonstration, as Garanti BBVA, in our own reporting, we aimed to prevent "greenwashing", which is the process of giving false impressions or misleading information on sustainability issues.

## INTRODUCTION

The first chapter provides a foreword on the reflection of Garanti BBVA's value creation story on 2022 Integrated Annual Report, keynote messages by, Chairman of Garanti BBVA and CEO of Garanti BBVA.

## ABOUT GARANTİ BBVA

In the second part, the Bank's strategy and business model, shareholding structure, Garanti BBVA shares, business lines and our subsidiaries' activities and our competitive advantages are explained. On top of that, the Bank's position in the sector, key indicators in the Turkish economy and Turkish banking sector, important developments and expectations for the coming period are also presented.

## OUR VALUE CREATION

In the third part, our value creation model is explained. For this purpose, we present the 13 priority issues identified as a result of the 'double materiality analysis', the relationship of our strategic priorities with these issues, the value we create

with our activities and our contribution to the United Nations Sustainable Development Goals with our activities, by specifying the relevant actions we take.

## VALUE WE CREATED IN 2022

In the fourth chapter, we explain the outcomes of the capitals in value creation model defined in the Integrated Reporting Framework under 5 headings. First of all, we explain the value we create for our economy and our stakeholders with the title of 'Financial Value', which includes 2022 year-end financials and key indicators. Then, in the headings of 'Data and Technology', 'Investments in Human Capital', 'Customer Experience' and 'Sustainability and Community Investments', we present the value created by our activities, past and current performances, targets and actions taken in these areas for our stakeholders, environment and the society.

In this section in 2022, via 2-minutes videos, some of our stakeholders evaluated the impact and value we have created with our collaborations from their own perspectives. Thus, we have provided the opportunity to notice the

contribution we have made in many areas, from reducing inequalities to combat climate crisis; from quality education to decent economic growth, through the eyes of our stakeholders.

## OUR GOVERNANCE

The fifth section "Our Governance" includes corporate governance bodies, their activities, internal control, auditing and risk management.

## FINANCIAL REPORTS AND APPENDIX

The final chapter guides to 2022 Integrated Annual Report website for the audited annual consolidated and unconsolidated financial statements for Garanti BBVA, in addition to Independent Auditor's Opinion and Assurance Reports and Statements of Responsibility. This chapter also includes "Contact Information" and Appendix' section where 8 reports are presented including UNEP FI Responsible Banking Principles Impact Report, UNGC and WEPs Principles Analysis according to GRI Standards Content.

# Letter from the Chairman



## DEAR STAKEHOLDERS,

2022 was a year in which global inflation remained high while financial volatilities and recession concerns increased. Geopolitical risks that aggravated with Russia's invasion of Ukraine and post-COVID normalization policies brought along deceleration in the world economy. To fight inflation, central banks started to quickly tighten their monetary policies. Türkiye, on the other hand, implemented a loose monetary policy to support employment and growth, and decreased the policy rate to 9% through a series

of rate cuts implemented by the Central Bank of the Republic of Türkiye (CBRT) during the year. Our economic growth in 2022 remained strong owing to expansionary monetary policies, above-projected tourism revenues and credit growth.

The banking sector, which spent the year within the framework drawn by macro prudential policies, once again proved its resilience by maintaining its high liquidity and solid capital structure. With the guidance of regulatory authorities, banks have acted as the main actor in the implementation of the CBRT's liraization goal. At the end of 2022, the sector registered 150% growth in TL deposits while FC deposits shrank by 15% shrinkage (in USD terms). On the other hand, loan growth was above average inflation without compromising asset quality. As the banking sector, we play a key role in the economy.

As Garanti BBVA, we are pleased to report the continued improvement in our operating results this year, despite the challenging and uncertain economic

conditions that have been continuing for a while. Garanti BBVA management continued to create value for all its stakeholders with its rapid adaptation, solid capital, and resilience resulting from agile management during the year. With the focus of a long-term and sustainable growth strategy, we continue to support the economy uninterrupted, thanks to our healthy liquidity and profitability ratios.

Advancements not only in the economy but also in technology compel us to be agile. Artificial intelligence, robotic systems, fintechs and open banking implementations initiated in 2022 widens the playground of the banking sector. The outcomes of our investments in Robotic Process Automation, machine learning, data-driven decision-making culture are visible in increased efficiency of our processes and improved customer experience. More importantly, we would not have been so strong in competing with the fintechs that affect many European and Asian countries today, had our investments in technology since the early 1990s not been continuous and targeted.

We consider economic development not just as credit expansion, but also with a focus on sustainable transformation. These financial systems cannot be sustained without a world to live in and without a society that has equal rights. Therefore, each and every one of us must be a part of the solution. At Garanti BBVA, we are guided in our activities by our sustainability policies embedded in our organization, as well as numerous different products that deal with sustainability, from gender equality to energy efficiency, increasing financial literacy to circular economy. Our majority shareholder, BBVA, increased its sustainable financing target of EUR 100 billion, announced in 2018, to EUR 300 billion in October 2022. As Garanti BBVA, we have contributed more than TL 40 billion to this target since 2018, and we are planning to bring this figure above TL 150 billion by 2025.

In May, our majority shareholder BBVA's voluntary takeover bid offer was completed, bringing its stake in Garanti BBVA to 85.97%. The increased stake of BBVA in our Bank attests to

its confidence and faith in our country and in our Bank. In this context, we will continue to undertake projects that add value to the society and the economy through our constantly growing and strengthening partnership.

At Garanti BBVA, we attach importance to not just the impact we create in the economy, but also the value we add to the environment, social life and technology and we act with this awareness. I would like to thank all of my colleagues who have devoted their hard work and commitment during this process, and all our stakeholders and customers, who have joined us in this journey, for their continued support and trust.

**SÜLEYMAN SÖZEN**  
Chairman

# Letter from the CEO



## DEAR STAKEHOLDERS,

**2022 has been a challenging year as we continued to face new global shocks.**

The demand that way outweighed the supply throughout the pandemic, the ongoing supply chain issues and commodity prices that soared in conjunction with the Russia-Ukraine War resulted in worldwide high inflation levels that were unseen in many years. As a result, we experienced a period in which economic policies changed rapidly and financial volatility increased all over

the world. Central banks across the world tightened their monetary policies and hiked rates as part of their efforts to combat the record-high inflation levels. This outlook deeply affected the global economy; especially in developed economies, the risks of recession and slowdown became more evident. Although inflation outlook presented a better portrait toward the end of the year, **2023 will seemingly be overshadowed by global recession concerns.**

**Looking at Türkiye, global dynamics coupled with domestic developments introduced challenging conditions especially for price stability.** As inflation shot up to record-high levels, policy rate was decreased to single digit numbers with the priority of continuation of the strong growth. Intensive macroprudential measures were implemented as risks became marked around the widening current deficit as well as high inflation.

**The fundamental dynamics of the banking sector were determined by the measures taken within this framework.** Although the sector recorded a record

high TL loan growth in an high inflation environment, the slowdown on the corporate side became more evident, especially in the second half of the year, in line with the regulations that limited and directed loan growth. **With the liraization strategy, bank balance sheets became more Turkish lira dominated.**

With the measures taken, the share of Turkish Lira deposits increased significantly while the maturities were extended. While regulatory requirements mandated banks to allocate securities, securities share in the balance sheets increased. In terms of asset quality, there were no major non-performing loan inflows and NPL ratios continued to decline. On the profitability side, although significant increases were registered nominally with the support of CPI linker revenues, below-inflation return on equity **intensified the sector's focus on sustainable profit and capital. Despite all the challenging conditions, the banking sector had a positive year 2022 in terms of balance sheet and proved its resilience once again by successfully managing risks with its strong financial structure.**

## AT GARANTI BBVA, WE CONTINUED THE CUSTOMER-DRIVEN GROWTH OF OUR BALANCE SHEET IN LINE WITH OUR FOCUS ON CORE BANKING.

At Garanti BBVA, we ended yet another successful year in 2022 with our solid and healthy balance sheet management. Our total assets increased by an annual 53% to reach TL 1,304 billion in 2022. Our TL loan portfolio grew by 79% to TL 472 billion, keeping us in leadership position with additional market share gain.

**As we set our course within the borders defined by the economy administration, our key focus was to protect our balance sheet and our customers. We continued to grow our balance sheet with our customer base; in line with this, the major component of our revenue composition has been core banking revenues.**

With having **the largest general purpose loan portfolio** and **the largest consumer credit card portfolio** in Türkiye, we sustained our leadership in retail banking. Although the growth in corporate side was flattish in the second half of the year, similar to the trend in the sector; we stood by our customers and maintained our position as the private bank with the largest TL corporate loan portfolio.

With the effect of the regulations, TL deposits were our main focus area that we meticulously managed. In parallel with our lending performance, we sustained our leadership in TL deposits among private banks. As a result of the long-term and trust-based relationship we have established with our customers, we have also demonstrated a distinctive performance in TL demand deposits. **We achieved the sector's by-far highest core NIM in 2022 owing to our customer-driven growth approach.**

## Our prudent risk approach and strong capital structure enabled us to register a sustainable growth performance.

We achieved healthy growth without compromising our asset quality. We strengthened our balance sheet with both our high coverages and the free provisions we have set aside. In 2023, healthy balance sheet management, robust capital structure and sustainable profitability will remain to be our key priorities.

## THE NUMBER OF OUR CUSTOMERS EXCEEDED 23 MILLION

In 2022, while it became difficult to make a difference in the sector due to the limitations imposed by the regulations, competition intensified in certain areas. Customer growth has become one of the key focus areas in the sector. Competition here reached a level that

we have never experienced before. **As Garanti BBVA, we reached a record level in new customer acquisition in this competitive environment and increased the number of customers to over 23 million.**

In 2023, customer growth will continue to be our top priority.

In addition to acquiring new customers, **penetrating existing customers and creating value for customers** has gained more importance during this period. **In 2023, we will keep exercising the same degree of care and attention in our activities to be our customers' main bank, to enhance their satisfaction with our Bank and to be the most recommended bank.** To this end, we will integrate data-driven analytical models and artificial intelligence support into more areas and we will continue to create value through **personalized recommendations** we offer to our customers.

In this context, one of our most important topics in the upcoming period will be **Financial Health.** We aim to take our consultancy service to a higher level while continuing to offer smart suggestions to protect the financial health of our customers.

## WE ARE MAKING A DIFFERENCE IN CUSTOMER EXPERIENCE WITH OUR SERVICE MODEL

One of the most important components of our strategy and value creation is our customer-centered service model..

Thanks to our long-lasting investments in digital banking and our technological infrastructure, we maintain our leading position in this area. **As we rapidly grew our large customer base, we kept delivering uninterrupted digital experience on the back of our strong infrastructure.** In the last 3 years, the number of our mobile active customers has increased by more than 5 million and reached 13 million. 80% of our customers actively use mobile banking. The share of digital channels, including ATMs, in the number of fundamental transactions increased to approximately 98%. More than 85% of our product sales, in terms of units, go through our digital channels.

**All these figures make a tremendous contribution to both maximizing the customer experience and our efficient business model.** In our service model, our branches and digital channels complement each other. While our branch network plays a critical role in customer contact, it still serves as our most important channel in customer acquisition. **Thanks to the contribution we receive from digitalization, we increase the efficiency of our branches and create more space for more value-added businesses.**

## WE TAKE GOOD CARE OF THE WORLD, WE TAKE GOOD CARE OF THE FUTURE

**At Garanti BBVA, we recognize our responsibilities towards the environment and the world.** Accordingly, sustainability is unquestionably one of the most part of our value creation process.

**We know that the finance sector is undoubtedly the greatest actor in the transformation in the combat against the climate crisis. In this context, we have a major responsibility in supporting and accelerating our customers' transformation.**

We started the transformation with ourselves. We made our Bank's business model compatible with sustainability. We reviewed our energy consumption, waste management, and most importantly, our lending processes.

We broke new ground in Türkiye and **declared that we would not be financing coal and coal-related activities.**

We will **minimize** our coal exposure in our existing portfolio **by 2030 and we will zero it by 2040 the latest, and totally exit this industry.**

Through our affiliation with the United Nations Net Zero Banking Alliance (NZBA), we committed to align our portfolio with the net zero target by 2050 or sooner. We became the first bank in our country to make this commitment.

We have been the only company from Türkiye to be **included in the Dow Jones Sustainability Index for the 8<sup>th</sup> consecutive year**, which we have been included since 2015.

As Garanti BBVA, we are pioneers in the sector also with the financing we provide to **renewable energy** investments. We have financed one out of every four wind energy power plants; we are the market leader in this area with 25.3% share. In the period ahead, we will continue to work to make green transformation broad-based. We have not only provided financing, but also made innovations to raise awareness about green transformation. Besides showing our customers their carbon footprint on the mobile app, we started the "Sustainable Future in Exports" awareness and consultancy program. Following the Blue Breath Project we launched in 2021 jointly with TURMEPA, the Turkish Marine Environment Protection Association, we initiated the "Türkiye's Life: Fire Management Grant Program" in collaboration with the World Wide Fund for Nature (WWF) Türkiye in 2022, aiming to help flourish local civil society and cooperatives.

On another front, inclusion will remain on our agenda as a topic we attach importance to in the context of sustainability. **As one of Türkiye's leading institutions in this field, we have been supporting Women Entrepreneurs for 16 years.**

## THE MOST VALUABLE ASSET OF OUR VALUE CREATION, OUR EMPLOYEES...

As we step into a year packed with uncertainties, we are going through a period in which a correct and prudent approach to management is becoming more and more important. One of our defining factors in this regard, and in fact, the main enabler of our achievement, is **our team** that devotes every effort to deliver the best customer experience and to **create value for all our stakeholders.** As Garanti BBVA, we always act with an approach centered around the happiness of our employees. In addition to the global transformation, we develop our business models by following the expectations of our employees and the dynamics of the sector.

## OUR RESPONSIBILITY TRANSCENDS BANKING...

As Garanti BBVA, we always consider our responsibility to be beyond banking. In this sense, in addition to the impact we create in the economy, we care about the value we add to the environment, social life and each individual, and we act with this awareness.

Note: As we continue our preparations for this report, we are in deep sorrow as whole country due to the earthquakes that affected our 11 provinces. As Garanti BBVA, we acted quickly with the awareness of our responsibility in this matter. While trying to provide all kinds of support for our citizens and employees living in the region, we also took action rapidly to maintain the uninterrupted service. To heal together the wounds of the disaster, which we wish never to happen again; with the awareness that we have a long process ahead of us, we will continue to work and support with all our strength.

2023 has a different importance and value for all of us as it marks the centennial of our Republic. At Garanti BBVA, we will continue to work and create value in line with our sustainable development and growth targets as we have always done.

I would like to thank all my colleagues for their commitment and hard work, and all our stakeholders, particularly our customers, for their support and trust in us through this process.

Sincerely,

**RECEP BAŞTUĞ**  
CEO

# About Garanti BBVA

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**Differentiation, in a highly volatile environment, is the power to act confidently and flexibly.**



# Our Strategy & Business Model

## OUR GOAL AND VALUES

Garanti BBVA shapes its business model within the frame of its purpose to **“bring the age of opportunity to everyone”**.

Placing the **“Values”** at the heart of its corporate culture that defined with the involvement of its employees in 2017, Garanti BBVA is guided by these values in all its practices and actions.

The Values is composed of three main values and each of the value is comprised of three behaviors, reflecting the Bank’s business conduct models. For instance, the notion **“This is our bank”** is reflected in the maximum performance attained by all employees as they carry out their jobs devotedly and enforce this value in their attitudes towards all stakeholders that they touch; all employees know what that means.

Employee career and development model measures the extent to which these values are enforced by the employees through performance assessments; specific educational and

developmental 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 is addressed in a dedicated category in the reward program.

On the occasion celebrated as the **Values Day** on the same date in all countries to re-familiarize with, assimilate and live the values, employees redefine organizational strengths, improvement areas of leadership, and the future of teamwork, in addition to taking part in entertaining activities.

Values Day is celebrated simultaneously in all countries in the BBVA Group in order to increase awareness and contribute to the integration of values to their business life. During the Values Day, besides entertaining activities, employees redefine the strengths of the institution, the development areas of its leaders, and the future of teamwork in the light of these values.

## OUR PURPOSE

BRING THE AGE  
OF OPPORTUNITY  
TO EVERYONE

## OUR VALUES



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

Underlining the customer-centric approach of Garanti BBVA, this value identifies empathizing with the customer as the top priority of employees, describes the necessity to disclose all kinds of information when responding to customer needs within the frame of responsible business principles, and calls for a result-oriented approach.



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

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



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

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

**OUR BUSINESS MODEL**

**Capital generative, disciplined and sustainable growth strategy that strictly adheres to solid asset quality** enables the Bank to move forward strongly.

In order to reach more customers, to accelerate and drive value creation; Garanti BBVA prioritizes making banking services available to its customers **at any time through any channel they choose, and delivering them a seamless and consistent omni-channel experience by being wherever customers are.**

The Bank aims to merge and integrate technology and humanistic elements, to

- Make life easier for its customers,
- Pursue their financial health, and help them make the right financial decisions,
- Support them grow their businesses sustainably, and
- Bring its financial services to everyone.

Garanti BBVA seeks to deliver a better customer experience thanks to **custom-tailored solutions and wide array of products** offered to customers.

On sustainability, the Bank attaches great importance to positively influencing decision-makers and the sector and to mainstreaming the issue. Garanti BBVA creates shared value and drives positive change through lending based on impact

investment, as well as community programs focusing on material issues for the Bank, its stakeholders, and strategic partnerships.

Putting digitalization at the heart of its business model, Garanti BBVA targets to lead the transformation of the sector, command state-of- the-art technological infrastructure, and be efficient and productive in all its service channels. 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, Garanti BBVA makes efficiency its top principle in its business model with its operational excellence priority. In this context, the Bank aims to enhance operational efficiency as it continues to **revamp and simplify its business processes, enhance customer experience and automatize its processes.** The Bank also monitors financial and non-financial risks closely at all times and exhibits proactive management.

Integrating the opportunities resulting from advancing technology and data sources in its business model, Garanti BBVA adopts a more analytical approach to customer management by making use of **advanced data analytics and artificial intelligence.** It also employs these outputs in its organizational model with the purpose of improving business results.

Always imagining and designing the future and striving to be unique in what it offers, Garanti BBVA considers **raising competent, well educated, responsible, and ethical banking professionals who think big and are respectful of the society and the environment as an indispensable part of the sustainability of its business model.** Conscious of the fact that human capital is the driving force behind all progress, continuously attracting, training and developing young and creative talents, offering employees an environment where they can demonstrate their skills, presenting opportunities, and recognizing and rewarding their achievements make the building blocks of the whole system.

**OUR STRATEGIC PRIORITIES**

DIFFERENTIATED VALUE PROPOSITION



**FINANCIAL HEALTH**

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



**SUSTAINABILITY**

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

DRIVERS OF SUPERIOR PERFORMANCE



**REACHING MORE CLIENTS**

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



**OPERATIONAL EXCELLENCE**

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

ACCELERATORS



**DATA & TECHNOLOGY**

- Increase the agility and strength of our technological infrastructure and platforms
- Speed up our solution processes through artificial intelligence, machine learning and big data interpretation, which is important in the day-to-day operations of the bank
- Effectively use data analytics in various areas such as offering the right product to our customers, pricing, risk management, etc.



**BEST & MOST ENGAGED TEAM**

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

# Corporate Profile

Established in 1946, Garanti BBVA is Turkey's second largest private bank with consolidated assets close to TL 1.304 trillion (USD 70 billion) as of December 31, 2022.

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 974 billion performing cash loans and non-cash loans. Garanti BBVA'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:

- Largest private bank in TL lending with 19.7% market share among peers.
- Highest TL customer deposit base among private peers with 18.6% market share
- Leadership in consumer loans with more than 22 million retail customers
- 18.4% market share in TL business banking
- Ranks #1 in Brand Power amongst private peers and #1 in SME NPS

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, 2022, Garanti BBVA provides a wide range of financial services to its over 23 million customers with 18,544 employees through an extensive distribution network of 829 domestic branches, 8 foreign branches, 7 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

5,450 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. With 13.4 million digital and 13,0 million mobile customers, Garanti BBVA has the highest digital and mobile customer base. Share of digital sales in total sales has surpassed 86%. 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 85.97% share<sup>1</sup>.

Net  
**~1.5 million**  
customer acquisition every year

**2<sup>nd</sup> largest private bank**  
per asset size

**#1 Brand Power**  
among private peers

**#1**  
in SME, Commercial & Mobile NPS

**#2**  
in Individuals NPS

**100% Geographical Coverage**

**Highest TL deposit base**  
among private peers

**Leader in TL lending**  
among private peers

**Robust Capital**

**Main Shareholder BBVA**  
with 85.97% share

High ROE with low leverage of 7.5x

Note: Market shares and rankings based on bank-only BRSA Weekly Data, among private banks  
Note: Branch, ATM and Customer data do not include companies subject to consolidation.

<sup>1</sup> Please find the disclosure dated 18 May 2022 <https://www.garantibbvainvestorrelations.com/en/news/detail/End-of-voluntary-tender/112/8946/0>

# Garanti BBVA Shareholding Structure & Share

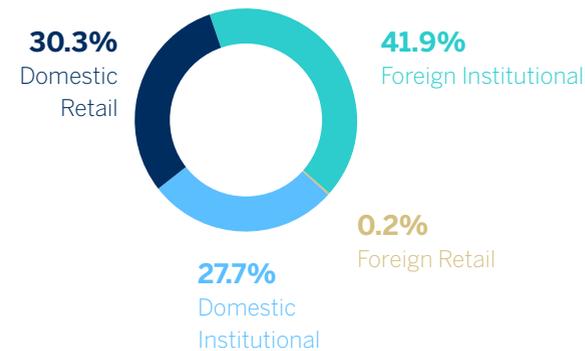
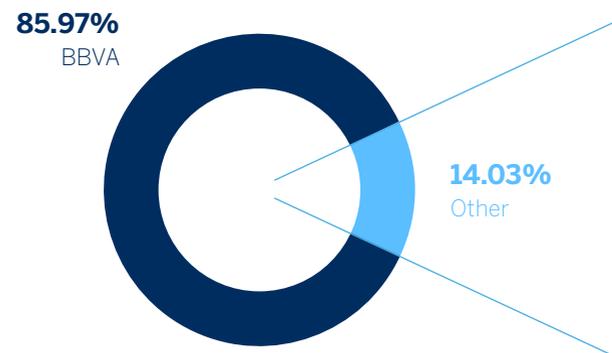
NAME	NUMBER OF SHARES	NOMINAL (TL)	SHARE%
BBVA (BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)	361,089,589,019	3,610,895,890,19	<b>85.97</b>
OTHERS	58,910,410,981	589,104,109,81	<b>14.03</b>
<b>GRAND TOTAL</b>	<b>420,000,000,000</b>	<b>4,200,000,000,00</b>	<b>100.00</b>

Market Capitalization  
**126 billion TL**

GARAN Share Performance  
**+172% YoY**

Sustainability Indices  
**Listed in 11 Indices**

including Dow Jones  
Sustainability & CDP



Foreign Institutional Investors: Fund + Institutions  
Domestic Institutional Investors: Fund + Institutions + Investment Partnership + Other

Garanti BBVA carried out its IPO in 1990 on Borsa İstanbul and became the first Turkish company to offer its shares on international markets in 1993. Garanti BBVA's depositary receipts are listed on the OTC (Over-The-Counter) Markets in the USA. In 2012, Garanti BBVA participated in the prestigious tier of the U.S. OTC market, OTCQX International Premier, where companies traded must meet high financial standards and an effective disclosure process. With its yield and daily trading volume growth in 2022, the Bank qualified to be included in **2023 OTCQX Best 50**.

**Garanti BBVA has a market capitalization of TL 126 billion (USD 6.8 billion) as of year-end 2022**, and a free float ratio of 14% corresponding to TL 17.7 billion floating market capitalization. The majority shareholder of the Bank, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) disclosed on 15 November 2021 that the Board of Directors of BBVA decided to launch a voluntary takeover bid for the entire share capital of the Bank not already owned by BBVA (50.15%). Following this disclosure, on 18 November 2021, BBVA informed that it has submitted to the Capital Markets Board of Türkiye (CMB) the application for authorization of the voluntary tender offer for the entirety of the said shares in Türkiye Garanti Bankası A.Ş.

On 31 March 2022, the CMB authorized BBVA's voluntary takeover bid. On 25 April 2022, BBVA Board of Directors announced their decision to increase the price, initially announced as 12.20

TL for each share, to 15.00 TL. The voluntary takeover bid was finalized on 18 May 2022 and BBVA acquired Garanti BBVA shares with a total nominal value of TL 1.517.195.890,189 corresponding to 36.12% of Garanti BBVA's total share capital. Hence, BBVA's shareholding ratio in Garanti BBVA reached 85.97%.

This decision by BBVA, one of the world's most important and one of Europe's most established banking groups, demonstrates their confidence in Türkiye's strong economic fundamentals and long-term potential.

**42% of Garanti BBVA's shares in the free float are owned by foreign investors.**

70% of the publicly traded shares are held by institutional investors, whereas the remaining 30% are held by individual investors\*.

## SHARE PERFORMANCE

Borsa İstanbul reached historic records in 2022.

Despite the gush out of foreign investors, the substantial growth in domestic individual investors has been the driving force behind the robust performance of Borsa İstanbul.

According to Borsa İstanbul data, in 2022 foreign investor outflow from BIST-100 shares amounted to USD 4.5 billion, the second highest outflow since 2018 (2021: USD 1.6 billion). In parallel, foreign ownership of Borsa İstanbul dropped from 60% in 2018 to below 30% in 2022.

This outflow had a negative impact also on Garanti BBVA stock that has a high ratio of foreign investors. Foreign ownership declined to 42% from 53% at the beginning of the year.

In 2022, Garanti BBVA share price increased by 172% in TL terms, while the increase in USD was 95%. Garanti BBVA underperformed the banking index by 14%. **During the reporting period, the Bank's financial performance outperformed both the peer banks and the expectations.** The underperformance of the stock compared to the index despite the financial value the Bank created can be attributed to the following reasons:

1. As GARAN had the highest depth amongst banking peers before the BBVA tender offer when the free float of the stock decreased to 14.03%.
2. With the decrease, the stock was delisted from the MSCI index and thus, triggering an exit from the passive funds as it is their main benchmark index.

## INVESTOR RELATIONS ACTIVITIES

Communicating the value created in a proactive, transparent and consistent way, Garanti BBVA Investor Relations' activities in 2022 can be summarized as follows:

- In 2022, the team participated in 18 investment conferences and roadshows, either in-person or online. The team met with 215 international investment funds from Asia, USA, Canada, the Middle East, Europe and Turkey.

- Each quarterly Financial Results disclosure teleconference and annual Operating Plan Guidance disclosure presentations attracted an average of 100 analysts and investors.
- Expectation management was ensured by holding one-on-one and regular conferences every quarter with 20 equity analysts who follow Garanti BBVA shares,
- Operating Plan Guidance and results presentations were published on Garanti BBVA Investor Relations website and mobile app. The audio recordings of these presentations are also available on the website and mobile application. 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.
- Periodic bulletins started to be sent to investors and stakeholders enabling monitoring of current developments in ESG issues,
- Prior to financial disclosures, questionnaires were prepared designed to seek opinions, and mold the presentations according to investor and stakeholder desires. Three questionnaires were administered in total in 2022; the answers received reflected the admiration for the investor relations activities. Economic outlook was stated to be the main determinant in investment decisions. Investors commented that they wish to be informed also on inflation accounting.

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.

Garanti BBVA is included in **11 sustainability indices**. Having qualified for BIST Sustainability Index and BIST Corporate Governance Index in 2014, Garanti BBVA remained a constituent of these indices ever since. **Garanti BBVA raised its score from 75 to 83 for its reporting 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. Garanti BBVA has the **highest score with 83 points** among banks reporting from Türkiye.

In line with its innovative and pioneering activities, Garanti BBVA qualified for the Global A List in 2022 in the Climate Change Program of CDP, the world's most respected environmental reporting initiative. The Bank also achieved A- leadership score in the CDP Water Program.

In addition to these, Garanti BBVA continued to qualify for, 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, in recognition of its various practices and initiatives for ensuring gender equality in human resources, among customers and the community, in 2022, Garanti BBVA was included for the **7<sup>th</sup> consecutive year in the Bloomberg Gender Equality Index** that covers 418 companies from 11 industries from 45 countries and regions across the world, attaining its highest score to date.

#### EQUITY ANALYSTS' RATINGS

Garanti BBVA shares are widely covered by research analysts of leading domestic and international investment banks and brokerage houses. In 2022, 20 institutions have regularly issued equity research reports on Garanti BBVA. As of 2022 year-end, 15 analysts had "BUY", 2 analysts had "HOLD" and 0 analysts had "SELL" recommendation on Garanti BBVA stock.

Garanti BBVA Investor Relations updates the analysts' year-end estimations on a quarterly basis and publicly discloses them transparently on its website. The consensus estimates can be reached at the link below.

Garanti BBVA Investor Relations updates the year-end expectations of analysts every quarter and shares them transparently with the public on the Investor Relations website. You can find the relevant estimates here.

#### OUR SCORES IN INTERNATIONAL SUSTAINABILITY INDICES

DJSI - 2022	CDP Climate Change 2022	CDP Water Security 2022	MSCI	Vigeo Eiris	FTSE4Good Index - 2022	Sustainalytics ESG Risk 2022	Bloomberg Gender-Equality Index2022
Scoring Range: 0-100	Scoring Range: A / D-	Scoring Range: A / D-	Scoring Range: AAA - CCC	Scoring Range: 0-100	Scoring Range: 0 - 5	Scoring Range: 0 - 40+	Scoring Range: 0-100
<b>83</b>	<b>A</b>	<b>A-</b>	<b>BBB</b>	<b>45</b>	<b>3.8</b>	<b>23.7</b>	<b>89.06</b>
Only Company From Türkiye In The EM & 5 <sup>th</sup> Highest Score In Global Banking Sector	Highest Score Among the Banks Reporting From Türkiye	Included in the Index Since 2015			Included in the Index Since 2016	325 <sup>th</sup> of 1.005 Global Banks	Only Company From Türkiye to be Included in the Index For the 7 <sup>th</sup> Consecutive Years

#### DIVIDEND DISTRIBUTION POLICY

Following the affirmative opinion of the Banking Regulation and Supervision Agency, the Bank's dividend distribution policy is in the manner to distribute up to % 30 of the distributable profit in cash or bonus shares, provided that there is no unfavorable situation in the local and/or global economic conditions and the standard rates, which are specified by the protective measures in the Banking Law no.5411 and its sub-regulations, are at the targeted level.

#### ABOUT 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. Pursuant to Article 11/2 of the Communiqué on Material Events Disclosure numbered II-15.1, if and when the total amount of

transactions made on behalf of persons with administrative responsibility exceeds TRY 1,000,000 (\*Revalued figure/value for 1.1.2022 – 31.12.2022, pursuant to the Announcement made pursuant to the Decision of the Capital Markets Board dated 30/12/2021 and numbered 67/1936) within a calendar year, it is publicly disclosed. There is no ultimate non-corporate controlling shareholder holding more than 5% share in the shareholding structure.

#### RELATED PARTY TRANSACTIONS

As of 31 December 2022, the concentration of transaction volumes and balances with the parent bank and its consolidated financial affiliates ("the Group") and pricing policy can be found in the footnote numbered 5.7.2.2 of the Bank's Financial Report as of 31 December 2022.

#### AFFILIATE REPORT

With reference to articles 195 - 209 of the Turkish Commercial Code; T. Garanti Bank A.Ş. (hereinafter referred to as the "Bank") is considered as dependent

company, Banco Bilbao Vizcaya Argentaria S.A. (referred to as the "Parent Company") is considered to be the parent company. Pursuant to Article 199 of the Turkish Commercial Code, the Bank, under the direction of the Parent Company;

- Did not conduct any legal transaction in the operating year 2022 in favor of the Parent Company or any dependent company of the Parent Company that serves to the advantage of the Parent Company or of any dependent company of the Parent Company, furthermore, there is no measure taken or refrained from being taken to the benefit of the Parent Company or of any dependent company of the Parent Company.  
- Appropriate counter actions were taken with respect to the legal transactions executed with the Parent Company and no financial loss has arisen in connection with them.

# The Environment We Operate In

## 2022 MACROECONOMIC OVERVIEW AND 2023 OUTLOOK

### Tighter Global Conditions Amid Inflationary Pressures

Globally, 2022 was marked by efforts to contain inflationary pressures resulting from both lagged effects of expansionary policies supporting economic activity during the pandemic and also record high commodity prices further boosted by the Russian invasion in Ukraine. Alongside the challenges posed by post-COVID normalization policies, tighter financial conditions and geopolitical risks due to Russian-Ukrainian war led to a slow-down in the world economy. With these developments, the annual GDP growth slowed down to 2.1% in 2022 from 6.0% in 2021, while seasonally adjusted annual growth in the Euro Area in the last quarter of 2022 declined to 1.9%. On the inflation side, annual consumer inflation rose to 6.5% in the USA and 8.5% in the Euro Zone in 2022.

High course of global inflation maintained upward surprises and drove global central banks to tighten

monetary policies faster and more aggressively than expected, which has increased financial volatility and reinforced concerns over recession. US Federal Open Market Committee (the Fed) prioritized to bring down inflation and claimed that tight labor market conditions would help to achieve a soft landing. The Fed delivered rate hikes of 450bps since last year and took the funding rate up to 4.50-4.75% as February 2023, while keeping a hawkish stance in communication. Similarly, the European Central Bank (ECB) increased the refinancing rate to 3.0% from 0%, leaving the door open for further tightening.

According to our projections, we expect monetary policies to remain prudent and growth dynamics to weaken further amid high uncertainties rooting from risks on energy prices and continuing bottlenecks posed by the Russian-Ukrainian war. In this context, we expect the US economy to stagnate with 0.5% GDP growth rate in 2023. Eurozone will suffer more, particularly from high natural gas prices and face a short lived recession with

-0.1% GDP growth rate. Growth outlook in China, on the other hand, is considered to become a supportive factor in order to restart a recovery for the world economy, accelerating to 5% GDP growth in 2023 from 3.6% in 2022.

Looking ahead, the outlook would remain negative given the uncertainties on inflation, the need to extend a period of tight monetary stance, and accordingly the consequence of weaker growth rates. All of these factors present a major challenge for emerging economies as the increased risk premium might limit capital inflows. While the main risk is the global recession driven by interest rate hikes of central banks across the world as a response to inflation pressures, other downside risks on global activity include a further deterioration of the Russian-Ukrainian war which could lead to significant energy shortages in Europe and a hard-landing in Chinese economy.

### GDP Growth Projections\* (Annual Change)

	2021	2022	2023	2024
USA	5,9	1,9	0,5	1,8
Eurozone	5,3	3,2	-0,1	2,0
Spain	5,5	4,6	1,2	3,4
Latin America	6,7	3,4	0,5	1,6
Argentina	10,4	5,0	-0,5	-2,0
Brazil	4,6	2,4	0,3	2,0
Chile	11,7	2,3	-1,0	2,1
Colombia	10,7	8,0	0,7	1,8
Mexico	4,9	3,0	0,6	2,1
Peru	13,6	2,7	2,5	2,4
Türkiye	11,4	5,5	3,0	-1,5
China	8,1	3,6	5,0	5,0
World	6,3	3,3	2,3	3,3

\* BBVA Research November 2022 projections.

### TÜRKİYE: MAINTENANCE OF SOLID GROWTH ON SUPPORTIVE DOMESTIC POLICIES

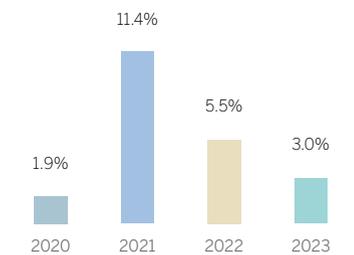
While global economy faces a slow-down, Türkiye has continued to prioritize expansionary policies in order to support growth and employment. These policies were accompanied by the ultra-loose monetary policy of the Central Bank of the Republic of Türkiye (CBRT), which brought the policy rate down to 9%. As a result, the Turkish economy has achieved to grow above its potential since the recovery from the pandemic, where private consumption and exports became the main drivers of growth. Even including the deceleration signaled

by the leading indicators of the last quarter of the year, 2022 GDP growth will likely get closer to 5.5%. Since external demand is expected to decelerate further on the back of tighter financial conditions, we expect domestic demand to continue to support growth on private consumption. On the other hand, considering that the cities affected by the earthquake in the Southeastern region of Turkey accounted for approximately 9% of the total GDP in 2021, we calculate that the macroeconomic impact could be much larger than the earthquakes we experienced before. Therefore, although we expect the expansion of credit facilities and additional expansionary fiscal policies to support the activity outlook in order to prevent the economic damage that is caused by the earthquake, we consider the risks on our 2023 growth forecast of 3% to be on the downside. Possible ease in credit conditions and further expansionary fiscal policies might boost economic activity in the first half of 2023, while some downward adjustments might happen after the elections, resulting in a full year growth rate of 3%.

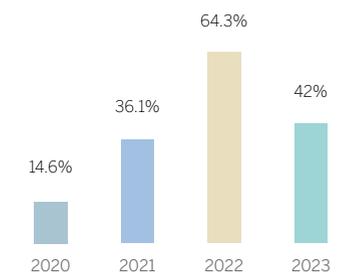
Inflationary pressures were pronounced throughout 2022 due to strong cost push factors, currency depreciation and solid aggregate demand. Although annual inflation start to benefit from favorable base effects as of November, commodity and energy prices expected to remain above pre-shock levels, deteriorated inflation expectations, high inertia and upward wage adjustments will pose

challenges for the inflation path in 2023. Since we envisage more counter-cyclical policies ahead of the elections to reverse the recent rapid deceleration in activity, we forecast inflation to remain above 40% throughout 2023 with a year-end level of 42%.

### GDP Growth (Annual Change)



### Consumer Inflation



Source: TurkStat, Garanti BBVA Research

On the monetary policy side, the CBRT restarted cutting rates and reduced the policy rate to 9% from 14% in consecutive four meetings from August to December in order to preserve the growth momentum in economic activity and the positive trend in employment due to increasing uncertainties and risks regarding global growth and demand.

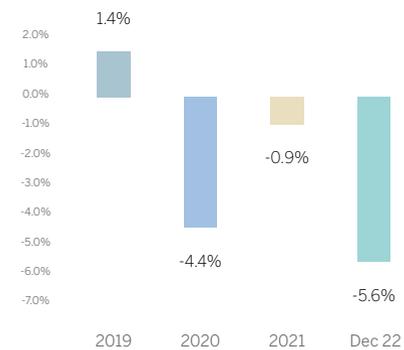
Despite high levels of inflation, we expect the current policy framework to be maintained until the elections through macro-prudential measures and financial regulations. Hence, targeted credit policies and tools might continue to support economic activity in the very short term, which we expect to reverse in the second half of the year with the adjustment in economic policies.

External balance, on the other hand, posted a current account deficit of \$41.8bn in the first 11 months of the year, led by strong commodity prices and still solid import demand on the back of robust consumption and structurally continuing gold imports. Exports have also started to decelerate due to weakening global demand since the second half of 2022. Despite the ongoing strong course of tourism revenues, high levels of energy prices and the likelihood of a recession in main trade partners, along with the negative effects of the recent earthquake disaster might keep the risks on the downside on current account deficit. Accordingly, we forecast that current account deficit will reach near \$48bn (5.7% of GDP) by the end of 2022. The pressure on the deficit will continue in 2023, which we expect to be near \$35bn (4% of GDP) by year-end.

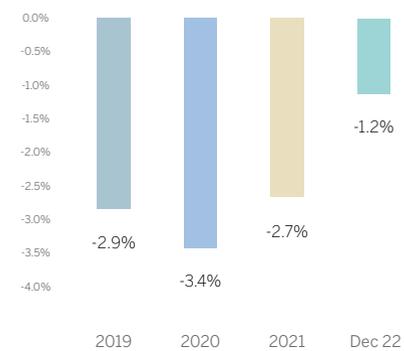
Central budget balance gave a deficit of 139 billion TL (1% relative to GDP) in 2022. Budget revenues have remained strong, backed by ongoing solid tax revenues (particularly corporate tax) and high inflation, while expenditures

also increased on top of FC-protected deposit compensation and expansionary fiscal policies but stayed under control. We consider that the budget deficit may exceed the Government's MTP target of 3.5%, if the activities of combating the economic effects of the earthquake affect the government's expenditures upwards. A level near the Government target of 3.5% GDP can be reached for 2023 budget deficit.

#### Current Account Balance (% GDP)



#### Central Budget Balance (%)



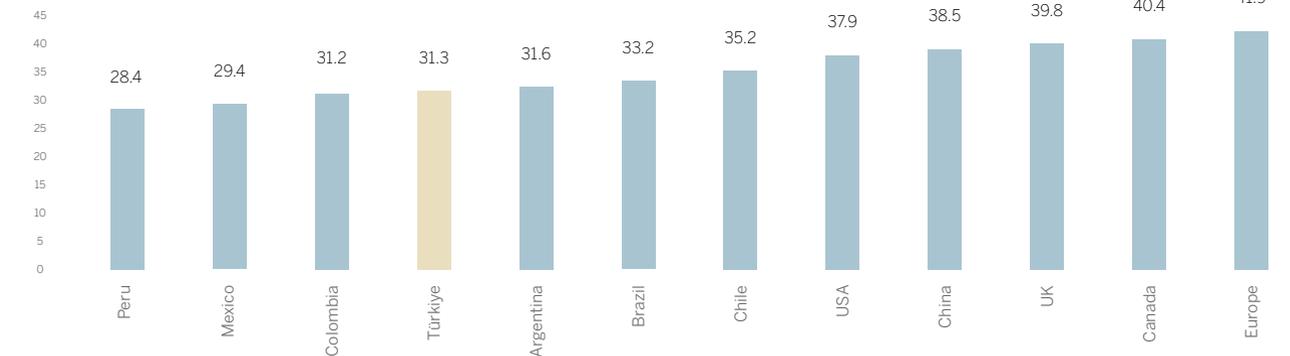
Source: CBRT, Ministry of Treasury and Finance

#### OPPORTUNITIES AND CHALLENGES OF THE TURKISH ECONOMY

Türkiye's advantageous geopolitical position and its growing and young population continue to act as the biggest strengths of the economy. Serving as a bridge in transportation particularly to Europe, Türkiye preserves its status as an important hub, especially after the changing routes of trade flows in the post-pandemic and geopolitical disputes era.

The demographic structure of the population and its sustained growth, i.e., ageing and shrinkage effects are slower than other countries, offers tremendous opportunities for the period ahead. According to Turkstat's Youth Statistics, youth population constituted 15.3% of the total population, which was higher than the 27 European Union (EU) average of 10.6% in 2021. In addition to that, Türkiye's age-dependency ratio (% of working-age population), which allows more flexibility in government expenditures on healthcare, social security, and education, has maintained its downward trend and declined to 48.9% in 2021 (vs. 56% in EU). While Türkiye's population was registered as 84.7 million in 2021, it is expected to reach 93.3 million by 2030 and 100.3 million by 2040. Last but not least, according to UN population statistics, the median age is calculated as 31.1 for 2022 (vs. 41.9 in Europe), which manifests a highly young population versus other countries.

#### Median Age (years)



Source: United Nations Demographic and Social Statistics

Therefore, promoting more women to participate in the labor force, reducing employment costs, increasing job creation in the formal sector and potential reforms in the education system in alignment with the digital era could contribute significantly to the potential growth of the Turkish economy.

Alongside the robust economic growth of the country over the last decade, achieving economic stability parallel to the structural transformation of the economy through reforms might pave the way to long-term sustainable growth. As a result of higher global integration through backward and forward linkages in global value chains, Türkiye's production is highly dependent on intermediate goods imports which reinforces concerns over structural current account deficit. Therefore, given the current challenges on broad-based deceleration in economic activity and increasing uncertainties on global outlook, it is critical for Türkiye to bolster capital inflows through accurate policies. On another note, striving to reposition

itself in the higher end of value chains will be significant in terms of achieving structural transformation of the current account balance. Reducing heavy dependency on oil and gas imports and improving energy efficiency would also prompt relief to current account deficit.

Much tighter global financial conditions and expected deceleration in economic activity in the EU together with envisaged loose domestic economic policies could pose upside risks on the exchange rate and other financial assets, intensifying internal and external vulnerabilities. Accordingly, inflation outlook might keep upward pressures as a result of the pressure on the exchange rate, still high global energy, food and agricultural commodity prices due to geopolitical risks, strong inertia and second round effects, which can generate a long lasting negative loop through expectations channel.

Potential further expansion of the budget deficit resulting from additional loose policies and side effects of the current

policies (particularly compensation for FC protected scheme) present new challenges to the fiscal discipline. Despite these challenges, government nominal debt stock to GDP ratio remains below 40%, which is also well below the EU Maastricht criteria of 60%.

Lastly, Russia's invasion in Ukraine which continues for more than 300 days bring some opportunities and risks to Türkiye's doorstep. Türkiye remains one of the countries that could mediate between Kyiv and Moscow. Ankara benefits from its close relations with Moscow to broker a deal on grain exports to the rest of the world from Ukraine and also attempted several talks between Russia and Ukraine on freezing the war. Türkiye, supporting Ukraine and keeping talks with Russia open, has increased its charm in the international arena. Nevertheless, Russia's remarks with regard to using nuclear arsenal in the wake of an attack to Russian soil, jeopardizes the regional security and triggers further uncertainties.

**TURKISH BANKING SECTOR**

**Key facts, opportunities and challenges**

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).

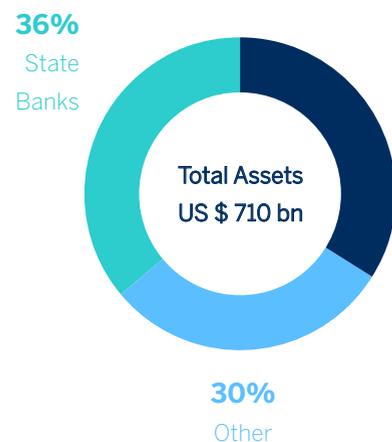
According to the BRSA sector data as of December 2022, there are 54 banks operating in Türkiye\* (29 private commercial banks, 3 state-owned deposit banks, 16 development and

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. The current fragmented structure presents future opportunities for mergers and acquisitions among the banks.

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 91% mobile connection rate<sup>1</sup> in Türkiye points out considerably higher penetration levels than World average. Young and digital

savvy population offers an opportunity for the sector to progress. Besides, unbanked population is still relatively high. In addition, while the ratio of household debt to GDP is 12.5% in Türkiye<sup>1</sup>, it is 48.5% in the Emerging Markets<sup>1</sup>. This indicates an environment where penetration is low and potential for banking activities is high compared to other Emerging Markets.

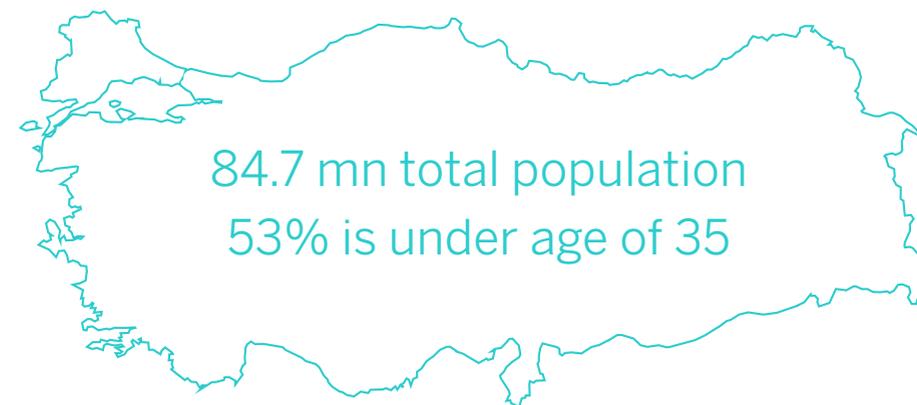
**Total Assets Breakdown**



	# of Banks	Share in Assets	Share in Loans	Share in Deposits
Top 4 Private Commercial Banks	4	34%	34%	34%
State Banks	3	36%	38%	40%
Other Private Commercial Banks	25	16%	14%	16%
Development & Inv. Banks	16	6%	7%	-
Participation Banks	6	8%	8%	11%

**Total: 54**

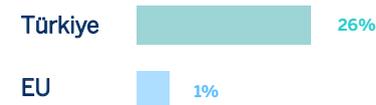
Note: Sector figures are based on bank-only BRSA monthly data as of December 2022. Banks owned by SDIF are not listed above



**STILL UNDERPENETRATED BANKING SECTOR COMPARED TO EU**

**Unbanked Population**

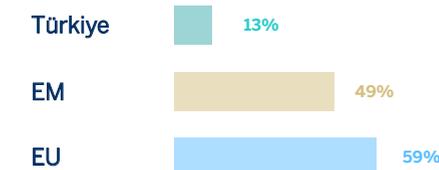
(ages +15)



**Internet Penetration**



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



1 Bank of International Settlements, as of September 2022  
2 Datareportal, Digital 2022 on Turkey, as of February 2022  
3 Statista, as of April 2022  
\* Based on having an account in a financial institution.

**DEVELOPMENTS IN 2022**

Lending growth maintained its strong growth pace in 2022 and remained above average inflation which suggest a positive real growth. Commercial banks' loan growth was 75% in 2022 vs. average inflation level of 72%. Growth was across the board. In consumer GPLs private banks' growth was higher than State Banks, whereas State Banks delivered a stronger growth in Mortgages and TL business banking loans.

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 -11%.

The sector funds 16% 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.

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. Banks' ST External dues was US \$62bn<sup>1</sup>, whereas FC Liquidity stood at US\$ 91bn<sup>3</sup> as of December.

The liraization of the economy and selective credit expansion were the primary focus of the CBRT's plan in 2022, with banks serving as the primary vehicle for ensuring the policy's success.

In the majority of the year, the liraization strategy was conducted through the foreign-currency protected deposit product. This product, allowed depositors to gain additional interest proportional to the depreciation of the Turkish lira (its details and structure can be found on page 50). Since this deposit structure incentivizes depositors to convert their foreign currency holdings into Turkish lira, banks have been instructed to expedite its implementation. Accordingly, the regulator introduced a set of conversion thresholds and obliged banks to accomplish them and if they were unable to do so, they were required to meet the mandatory requirements. These requirements became progressively stricter for lower conversion rates. Although, the requirements frequently changed throughout the year, the mandates in broad terms were parking additional foreign currency to the CBRT as a

reserve requirement, paying commission to the CBRT and purchasing long-term, fixed-rated Turkish lira government bond securities. Inevitably, complying with these were challenging for banks as banks dynamically have taken actions to manage the impacts of regulations on their balance sheet and P&L. The requirement to allocate government bond resulted in a significant rise in the securities' demand, which decreased the yield on these securities. Eventually, the banks' interest income declined due to their lower yield. Although negative effects of the regulatory mechanism cannot be ruled out, the expansion in banks' foreign-currency protected deposit base also brought benefits. Due to Turkey's high inflation, high policy rate history, the average maturity of time deposits vary between one to two months. Therefore, the pricing of deposits occurs much faster than the pricing of loans, resulting in a mismatch in duration. Since the maturity of foreign-currency protected deposits varies between three to twelve months, deposit maturities increased and resulted in drop in TL asset-liability duration mismatch. On top of that, interest rate cap on FX-deposit scheme helped banks to manage their deposits costs.

Towards the end of the year, additional regulations focusing more on banks' TL deposits weight put pressure on TL

deposit costs and competition to attract TL deposits has become more visible. Therefore, the lower deposit costs that banks enjoyed most of the year as a result of foreign-currency protected deposits eventually have started to rise, especially since the beginning of 4Q22.

According to the BRSA data, the total amount of foreign currency and Turkish lira deposits in the Turkish banking sector at the start of the year was \$228 billion and TL 1,731 billion, respectively. The year ended with \$195 billion and TL 4,323 billion, indicating a 14% decrease in foreign currency deposits and a 150% increase in Turkish lira deposits. Therefore, although the banks have met with significant challenges and had to adjust their strategy almost on a weekly basis, CBRT's strategy has ended with success. In the end of the year, CBRT had said that it would continue implementing policies to permanently increase the weight of TL in banks' balance sheets, to support the effectiveness of the monetary transmission mechanism. Therefore, it is expected that the challenging operating environment for Turkish banking sector will remain in 2023.

Following a credit boom in the first half of the year that contributed to currency depreciation and inflation, authorities implemented steps to

restrain growth and direct lending activity to specific areas. These areas are referred to as "loans that are subject to reserve requirements" and include loans extended to exporters and financial institutions, loans that support investment and corporate credit cards. "The loans that are not subject to reserve requirements" became heavily regulated and not complying with them results in requirements similar to the ones that govern liraization. In addition, the rate of commercial loans was capped by the CBRT's annual reference rate, announced on a monthly basis. If specified multiples of this rate had been exceeded by a bank, allocation of long-term, fixed-coupon Turkish lira government bond is required (For details please refer to page 51). As a result of these steps and the CBRT's rate-cutting cycle, which began in August and ended in November, commercial loan rates began to decline significantly. Therefore, corporate and commercial loan growth slowed down, especially among private banks; while SME-lending, consumer loans and credit card growth remained strong due to the high economic activity.

This year, the banking sector once again demonstrated its resilience by adjusting to an ever-changing regulatory framework and a challenging macroeconomic climate. However, during the year the profit that is generated

by the core activities of banking has gradually begun to slow down. It should be highlighted that CPI-indexed securities- that banks carry to hedge their balance sheet against inflation- have alleviated a sizeable portion of the burden and strengthened net interest margins and, consequently, profitability. Additionally, the current value of cost and

income items in previous periods created a significant difference as well, due to an high inflationary environment. As a result, when the inflation effect is taken into account, real profitability is not as strong as it seems.

 Details of the regulations can be found on page 51.

Below, is the summary of key regulations that are in place as of January 2023:

#### COMMISSION PAID TO CBRT

##### Weight of TL Deposits in Retail & Commercial deposits (separately)

##### 3% commission on FC deposits

(in the financials, this commission is booked under «other interest expense» line

##### Starting from 23 December

If TL Deposits weight <50%

##### 8% commission

If TL Deposits weight 50%-60%

##### 3% commission

If TL Deposits weight >60%

##### 0% commission on FC deposits will be paid to CBRT

<sup>3</sup> Quick Liquidity Buffers: FC reserves Under ROM, swaps, money market placements, CBRT eligible unencumbered securities, cash, FC collateral deposit

## LONG-TERM TL SECURITY ALLOCATION

## 1 Commercial + SME Loan Rate

ACR\* x 1.4 > loan rate -> 20%...  
ACR\* x 1.8 > loan rate -> 90%...

... of the loan amount will be  
allocated as LT TL security.

	*Annual Compound Rates (ACR)	Commercial Loan Rate Thresholds	
		20% Alloc.	90% Alloc.
January	10.31%	14.43%	18.56%
December	10.31%	14.43%	18.56%
November	12.19%	17.10%	21.94%
October	13.96%	19.54%	25.13%
September	15.34%	21.48%	27.61%
August	16.32%	22.85%	29.38%

\* Announced on a monthly basis in the link below: <https://www.tcmb.gov.tr/wps/wcm/connect/tr/tcmb+tr/main+menu/istatistikler/bankacilik+verileri/uye+isyerlerine+uygulanacak+azami+komisyon+oranlari>

## 2 Weight of TL Deposits\* in Retail &amp; Commercial Deposits (seperately)

- If TL Deposits weight <50% in retail and commercial deposits, seperately **new base 10%** as of 24 February (as of December 2022: 5%) of FC deposits will be allocated as LT TL securities

- Starting from 24 February**

If TL Deposits weight <50%  
**10%+7%=17%** of FC Deposits

If TL Deposits weight **50%-60%**  
**10%+2%=12%** of FC Deposits

If TL Deposits weight **60%-70%**  
**10%-5%=5%** of FC Deposits

If TL Deposits weight >70%  
**10%-7%=2%** of FC Deposits will be allocated as LT TL Securities

## 3 Positive Monthly Change in FC Liquidity

Positive monthly change in CBRT's definition of FC Liquidity is also included in long-term, fixed-coupon, TL security allocation (with 12 month maintenance).

**FC Liquidity = FC Deposits + FC Repos – (FC Loan + FC Reserve in CBRT)**

\* CBRT included derivatives and options in the calculation of the share of TL deposits. Accordingly, the share of TL will be calculated as:

(TL Deposits – Derivative transactions that the customer receives FX in the maturity + TL Repos of customers) / (Total Deposits + Total Repos of customers (FX deposits and repos of non-residents are excluded)).

## DIGITAL TRANSFORMATION, OPEN BANKING AND FINTECHS

Digitalization gained a tremendous momentum and companies transformed their services and products to the digital channels to the extent possible. With BRSA's "Remote Authentication" regulation in 2021, which allows users to become a bank customer end-to-end digitally without the need for going to a branch, resulted in increase in customer base and further facilitated digital transformation.

Although increasing digitalization raised questions about banks' physical branch strategy, branches are still the main channel of building and deepening the relationship with the customers. Branches are not less important with the increasing digitalization, they will be providing value added services going forward. Within the increasing effect of digitalization, Branches' role and service model has been re-defining.

With the impact of digital transformation and the changes in regulation Open Banking processes gained momentum towards the end of the year and it will open a new era in the sector in 2023. Democratization of data is ensured through open banking. Customers who want to collect their financial data under a single roof will have the convenience of

viewing and managing their accounts in different bank accounts.

The Fintech ecosystem is important for the growth of the industry. Turkish banks' strong presence in digitalization put the sector in a leading position, yet, the opportunities to partner with innovative fintechs are growing.

It is the fact that, innovation often works best when banks and start-ups are able to collaborate. Both parties have different strengths:

- Big banks have a wealth of financial data, and with the deep understanding of their business, they have expertise to analyze this data and discover patterns.
- Fintech start-ups can deliver faster and one-purpose solutions for customers.

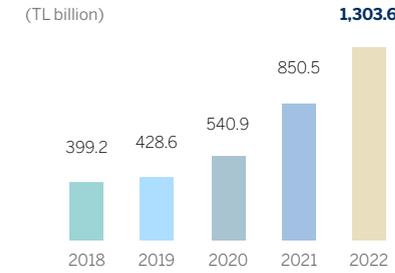
To realize the full potential of financial technology, both banks and Fintechs will need to partner up, providing their expertise to each other.

# Garanti BBVA in Numbers

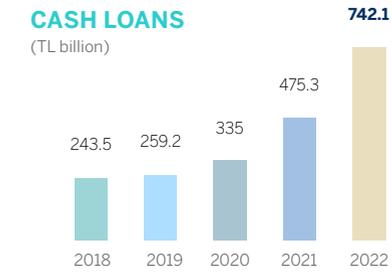
	2018	2019	2020	2021	2022
<b>BRANCHES</b>	936	914	894	872	<b>838</b>
<b>POS</b>	669,435	651,860	684,896	700,616	<b>777,497</b>
<b>ATMS</b>	5,258	5,260	5,309	5,401	<b>5,450</b>
<b>TOTAL CUSTOMERS</b>	16,378,165	17,639,895	18,779,492	20,376,831	<b>23,179,429</b>
<b>MOBILE BANKING CUSTOMERS</b>	6,460,538	7,731,683	9,074,914	10,608,777	<b>13,032,549</b>
<b>DIGITAL BANKING CUSTOMERS</b>	7,174,066	8,352,034	9,571,289	11,040,150	<b>13,386,156</b>
<b>NUMBER OF EMPLOYEES</b>	18,338	18,784	18,656	18,354	<b>18,544</b>
<b>DEBIT CARDS</b>	10,885,643	12,309,813	14,156,702	15,956,977	<b>19,027,213</b>
<b>CREDIT CARDS</b>	10,141,008	10,131,725	10,308,368	10,992,736	<b>12,893,009</b>

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

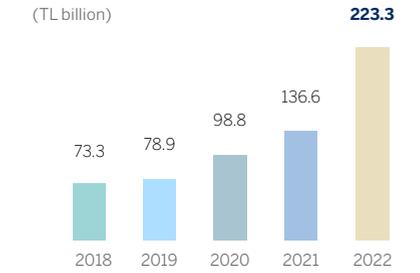
## ASSETS (TL billion)



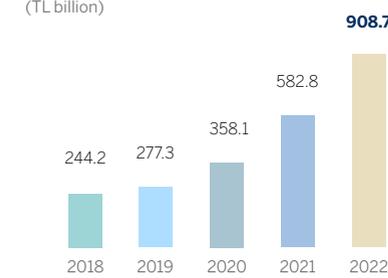
## PERFORMING CASH LOANS (TL billion)



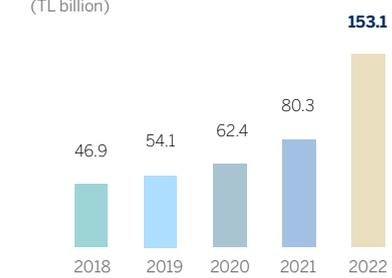
## CONSUMER LOANS\* (TL billion)



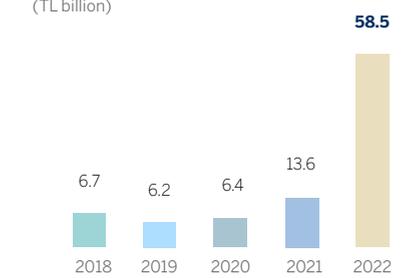
## DEPOSITS (TL billion)



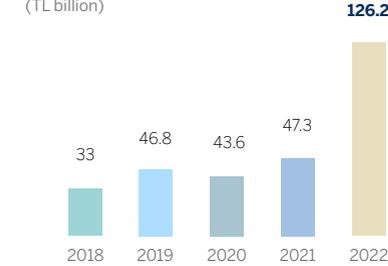
## SHAREHOLDERS EQUITY (TL billion)



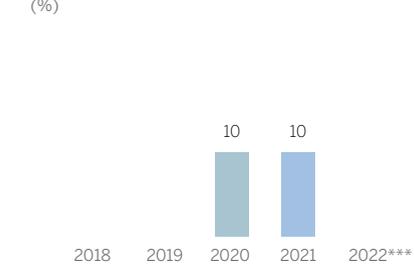
## NET INCOME (TL billion)



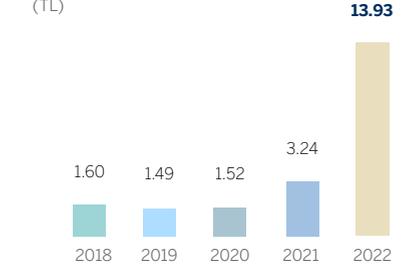
## MARKET CAPITALIZATION (TL billion)



## DIVIDEND PAYOUT RATIO (%)



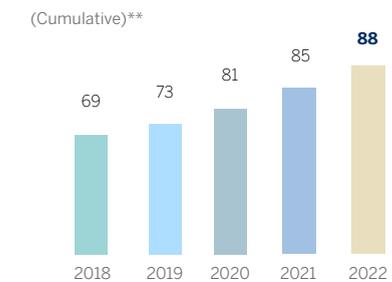
## EARNINGS PER SHARE (TL)



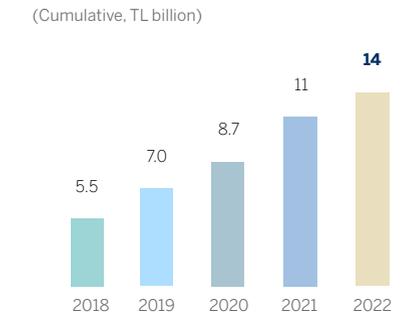
## % OF RENEWABLES IN ENERGY PRODUCTION PORTFOLIO (in new PF greenfield commitments)



## NUMBER OF PROJECTS SUBJECTED TO ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (Cumulative)\*\*



## TOTAL LOANS GRANTED TO WOMAN ENTREPRENEURS (Cumulative, TL billion)



\* Including consumer credit cards.

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

Note: Per December 2021 BRSA Consolidated Financials.

\*\*\*The authorized body of the Bank regarding dividend distribution is the General Shareholders', and as of the date of these financial statements, the annual Ordinary General Shareholders' meeting has not been held yet. Since the dividend distribution proposal for 2022 has not yet been prepared by the Board of Directors, the dividend distribution figure is left blank.

# Garanti BBVA's Competitive Advantages and Position in the Sector

## CUSTOMER DRIVEN ASSET MIX, TL LENDING GROWTH IN LINE WITH MACRO-PRUDENTIAL POLICIES

2<sup>nd</sup> Largest Private Bank  
in Turkey

**1.3 Trillion TL**

Consolidated Asset Size

Highest Share of Loans  
in Assets

**57%**

Highest TL Loan Volume

**19.7%**

TL Loan Market Share among private banks

## HIGHLY LIQUID & ACTIVELY MANAGED FUNDING PORTFOLIO

Highest Demand Deposit Base

**48%**

demand deposit's share  
in total deposits  
vs. private peers avg. 41%

High FC  
Liquidity Buffer

**10.0 Billion \$**

vs. \$5.0 billion external debt

## STRONG ASSET QUALITY WITH SOUND COVERAGE LEVELS

NPL Ratio

**2.6%**

vs. private peers avg. 3.1%

Net Cost of Risk Represents Prudent  
Approach inline with EU Standards

**1.5%**

vs. private peers avg. 0.9%

Total Coverage Ratio

**5.5%**

vs. private peers avg. 4.6%

## ACCELERATED PACE IN HIGH QUALITY REVENUE GENERATION

Highest Core Net Interest Margin  
(Swap cost included, CPI excluded)

**5.4%**

vs. private peers avg. 3.7%

Highest Fee and  
Commission Base

**16.6 Billion TL**

vs. private peers avg. 13,5 billion TL

ROAE  
(Cumulative)

**51.1%**

vs. private peers avg. 52.3%

Based on 2022 year-end BRSA unconsolidated financials for fair comparison. Private peers are defined as 3 largest private banks.  
Net Cost of Risk excludes currency impact since it is 100% hedged.

# Garanti BBVA's Competitive Advantages and Position in the Sector

## STRONG CAPITAL POSITION & CAPITAL BUFFER

### CET1

(without BRSA's forbearance, per consolidated financials)

**14.5%**

vs. Basel III requirements 10.15%

### Excess Capital

(without BRSA's forbearance, per consolidated financials)

**48 Billion TL**

## PRACTICES FOR EMPLOYEE SATISFACTION AND WORK-LIFE BALANCE

### Hybrid Working Model

**40%/60%**

at office / home

### Strong Performance in Employee Loyalty

**4.3/5**

poll results

### Bloomberg Gender Equality Index

The only Turkish company to be included for

**7 Consecutive Years**

## UNIQUE CUSTOMER EXPERIENCE CREATED BY OUR SUPERIOR DIGITAL EXPERIENCE

Highest Digital And Mobile Customer Base

**13 Million**

Digital's Share in Total Sales

**86%**

Digital transactions share in non-cash financial transactions (Retail)

**98%**

Our Mobile Transaction Market Share

**20%**

## STRONG BRAND AND CORPORATE REPUTATION WITH OUR UNIQUE VALUE CREATION

Carbon Neutral Bank as of 2020 and Member of Net Zero Bankers' Association

**1<sup>st</sup> Turkish Bank**

Our Commitment to Sustainable Mobilization

**TL 150 Billion**

(2018-2025)

Highest Brand Power Among Private Banks

**#1**

SMEs NPS

**#1**

Commercial NPS

**#2**

Individuals NPS

Based on unconsolidated data unless otherwise stated.

# Garanti BBVA's Position in Business Areas

## CORPORATE & INVESTMENT BANKING

### 2022 Key Data

#### TL 28,3bn

Contribution to sustainable finance (+201% YoY)

#### TL 4,6bn

Green financing to corporate customers (+194% YoY)

#### 100%

Share of renewable energy projects in new project finance business

#### 82 companies

Offered sustainability and sustainable finance advisory (+95% YoY)

#### 25.3%

Market share of WPP by installed power financed by the Bank

### 2023 Strategic Priorities

- Continue innovating with new products in renewable energy financing and carbon markets
- Assist our corporate customers in transitioning to a low carbon economy through leading sustainability know-how and advisory
- Continue to increase our contribution to sustainable finance
- Continue to serve as primary business partner of corporate customers sustaining their pioneering and leading positions on the back of effective customer relationship management and solution-oriented approach

## COMMERCIAL BANKING

### 2022 Key Data

#### #1 in Commercial Banking NPS

Once again according to 3Q22 results

#### "Sustainable Future in Exports"

Sustainable Growth and Financial Health events

#### TL 10 bn

TL 5,5 bn Green Loans & TL 4,5 bn Social Loans under Sustainable Finance support (+219% YoY)

#### Specific service model

For multinationals

### 2023 Strategic Priorities

- Keep delivering customized banking solutions enabled by our broad product range and continue to deepen in customer relations through effective risk management
- Keep providing financing to our customers for their Sustainable Growth
- Continue with on-lending of the funds secured under cooperations with governmental financial institutions to our customers

## SME BANKING

### 2022 Key Data

#### >TL 14bn

Financing to women-owned businesses

#### #1 in SME NPS

Once again in 2022

#### 20.5%\*\*

Market share in SME loans (+285bps YoY)

#### TL 63mn

Total investment to 56 startups

#### 29.8%

share of SME loans in TL Loans per BRSA definition

#### >4,000

Women entrepreneurs received training

\*\*SME loans per BRSA definition, market share among private banks

### 2023 Strategic Priorities

- Continue to work for helping SMEs, the backbone of the national economy, attain sustainable growth and financial health, in addition to the financial support provided
- Expand the set of products and transactions offered digitally to SME customers
- Keep expanding the collaborations with the best-in-class companies for the needs of our SME customers
- Supporting the development of more women entrepreneurs, to promote their success and to facilitate their access to new markets and opportunities for their sustainability
- Be the solution partner bank in the lifecycles of startups
- Meet with the customers regarding the "Green Deal" to pave the way for sustainable investments

## RETAIL BANKING

### 2022 Key Data

#### 19.9%\*

Market share leader in consumer loans

#### 22.2%\*\*

Micro enterprises TL Cash Loan market share (+582 bps YoY)

Leader in TL Time (18.1%\*) and TL Demand (24.8%\*) savings deposits

8<sup>th</sup> consecutive year as Türkiye's (World Finance), 5<sup>th</sup> consecutive year as Europe's Best Retail Bank (European CEO Awards)

#### 9.8%\*\*\*

Mutual Funds market share (+118 bps YoY)

### 2023 Strategic Priorities

- Strengthen our leadership in retail banking by continuing to acquire new profitable customers.
- Ensure sustainable customer relations by deepening our existing customer base and becoming the leader in customer satisfaction.
- Add value to the investments of our customers and to be with our customers in need of financing; to produce personalized and proactive suggestions by using the data of our customers in the most effective way, to improve their financial health and to contribute to their readiness for unexpected situations.
- Provide the best customer-oriented service and financial advice to all our individual and micro-business customers with different service models, both from our branches and from our non-branch channels.
- Enable young people and women to meet banking with the awareness and responsibility of increasing access to financial services.

## PAYMENT SYSTEMS

### 2022 Key Data

#### 778 k

POS devices (+11% YoY)

#### 455 k

Member merchants (+5.3% YoY)

#### 12,893,009

Credit cards (+17.3% YoY)

#### 3,6 mn

Cardless e-com check out solution GarantiPay transaction volume (+81% YoY)

#### 244 k

Digital slips

### 2023 Strategic Priorities

- Consolidate the leadership in payment systems with our innovative approach, digital capabilities, powerful brands and operational strength
- Replace the physical wallets with the payment solutions offered by BonusFlaş
- Expand the product line to offer need-based solutions by supporting member merchants' digital transformation
- Carry on with investments in environment-friendly and sustainable fintech solutions that will eliminate the need for plastic cards and physical POS devices
- Solidify the leadership in the fast-growing e-commerce payments through introduction of new technologies

## DIGITAL BANKING

### 2022 Key Data

#### 13,4 mn

Digital active customers (+21% YoY)

#### 13,0 mn

Mobile active customers (+22% YoY)

#### 37%

QR transactions market share (+82 bps YoY)

#### 118,7 mn

Cardless transactions via ATMs (+44% YoY)

#### 20%

Mobile financial transactions share (+71bps YoY)

### 2023 Strategic Priorities

- Further strengthen the leadership in digital banking through continued expansion of the mobile customer base
- Support the Bank's growth through increased share of digital onboarding
- Position mobile banking as the primary channel of interaction with customers; cater to all their needs via smart assistant Ugi and live support assistants when necessary
- Increase the number of end-to-end digital solutions/products and boost digital channel contribution to sales and transactions
- Keep enhancing customers' experience with advisory and financial health suggestions offered via mobile channels
- Make customers' lives easier through effective use of open banking opportunities and new partnerships

\*Market share calculations is calculated with unconsolidated balance sheet figures as of 31.12.2022 and BRSA weekly data dated 30.12.2022 for private/foreign banks.

\*\* Micro enterprises are according to BRSA definition, calculated using BRSA monthly data.

\*\*\*Prepared according to Rasyonet data.

# Garanti BBVA's Financial Subsidiaries



Established in 1990, carrying out its domestic and international factoring transactions through a wide network with the synergy of the BBVA. The company offers service through 11 branches, 124 employees in eight cities across Türkiye. The company serves a wide customer base, especially SMEs, organizations with extensive supplier and dealer networks. 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 and accelerate the solution processes.

## 2022 Key Data

**TL 9.7 billion**

Total Assets  
(+122.5% YoY)

**TL 31.6 billion**

Business Volume  
(+82.2% YoY)

**TL 350.7 million**

Net Profit  
(+165.8% YoY)

**~44 k**

Total Number of Factoring  
Transactions (+0.7% YoY)

**0.7%**

Asset Contribution to  
Garanti BBVA Group

## 2023 Strategic Priorities

- Continue to expand the customer base with diversified products and prioritizing digitalization to offer quality and fast solutions.
- Focusing more on SME customers and export transactions.
- Increasing the automation of business processes to improve efficiency.



Established in 1997, Türkiye's first asset management company, Garanti BBVA Asset Management provides services in mutual funds, pension funds and discretionary portfolio management. With its 51 experienced staff, the company aims to offer sustainable performance with personalized investment solutions. With the new member of the sustainability-themed mutual funds, Garanti BBVA Climate Index Equity Fund, Garanti BBVA AM offers customers the opportunity to invest in domestic/foreign companies in various sub-themes such as climate change, clean energy and ESG through its sustainability-themed mutual funds.

## 2022 Key Data

**140.5 bn TL**

Asset under management  
(+132% YoY)

**384 k**

Investor accounts  
in mutual funds

**64.0 bn TL**

Pension fund  
(+93% YoY)

**74.5 bn TL**

Mutual fund  
(+184% YoY)

**4<sup>th</sup> largest**

asset management  
company in Türkiye

**316.2% return**

in Non-BIST-100  
Companies Equity Fund

Fund AUM reached  
**3.1 bn TL**

Highest return among  
equity funds

## 2023 Strategic Priorities

- Developing new products and solutions in order to add value to the savings of investors.
- Maintaining sustainable fund performance by closely monitoring developments and trends in the markets.



Garanti BBVA Romania (GBR) and its two sister companies, Motoractive (Leasing) and Ralfi (Consumer Finance), continue to offer service in all business lines to more than 450 thousand customers (consolidated) in Romania with 1.058 active employees (consolidated) and 116 branches (consolidated).<sup>1</sup>

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

## 2022 Key Data

**2.4%**

loan market share - 12<sup>th</sup>  
largest bank in Romania

**85.3%**

Coverage Ratio  
vs. sector avg. of 65.9%

**22.6%**

Capital Adequacy  
Ratio

**4.6%**

Asset Contribution to  
Garanti BBVA Group

**2.1%**

NPL Ratio  
vs. sector avg. of 2.9%

## 2023 Strategic Priorities

- Reaching more customers and strengthening market share presence in both loans and deposits within all business lines.
- Investing in digital platforms and modernizing the IT system to provide ease in transactions and quality service to customers.
- Expanding sustainable solutions and further enhancing employee engagement.



Garanti BBVA International (GBI) is a mid-sized European bank with a EUR 5.1 billion 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, GBI also furnishes retail banking services in the Netherlands and Germany. Trade and Commodity Finance operations of GBI delivers traditional products such as transactional trade finance facilities, syndicated facilities, documentary credits and collections. Under the Corporate Banking coverage, GBI serves a select set of corporate clientele with international operations, which are predominantly based in Europe and Türkiye, with well-designed products, that can be categorized under transactional banking, such as working capital loans, trade loans, receivable finance.

## 2022 Key Data

**Baa3 (Moody's)**

External Credit  
Rating

**7.8%**

Asset Contribution to  
Garanti BBVA Group

**712 mn TL**

Profit contribution

**0.60%**

NPL Ratio

**21.7%**

Capital Adequacy Ratio

**753.8%**

Liquidity Coverage Ratio

**46.04%**

Cost to income ratio

## 2023 Strategic Priorities

- Further enhancing digital offerings in Trade and Commodity Finance, Retail Banking and Global Markets Sales with new digital platforms. Focusing on growth and diversification in Corporate Banking.
- Following the ESG roadmap through continuous interaction with Garanti BBVA and increasing focus on sustainability.



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 issuances and privatization. Garanti BBVA Securities furnishes brokerage and investment banking service in domestic and overseas capital markets to investors with its intensive distribution network, superior technology, powerful brand image, experienced teams, innovative character and solid shareholding structure.

#### 2022 Key Data

**5.44% (#4)**

Equity  
Market share

**4.34% (#6)**

Derivative  
Market share

**5 companies**

Intermediated for  
public offerings

**2.7 bn TL**

IPO Brokerage

**1.2 bn TL**

Net Profit

**>500k**

Active client

#### 2023 Strategic Priorities

- Improving the customer experience by updating the e-Trader application with rich functions and content, and serving customers through a single platform by adding foreign markets to the e-Trader application.



Established in 1990 to engage in leasing activities in Türkiye and abroad, Garanti BBVA Leasing serves its clients in Türkiye through its 14 branches, 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 2022 generating TL 1,007 million in profits.

#### 2022 Key Data

**TL 16,614 million**

Total Assets  
(+55% YoY)

**TL 7,565 million**

2022 Registered Contracts  
New Business Volume  
(+54% YoY)

**TL 1,414 million**

Net Profit (+101% YoY)

**1.3%**

Asset contribution

#### 2023 Strategic Priorities

- Expanding the customer base through increasing the number of new customers and providing quick and high-quality funding for their investments.
- Increasing the market share in the clean energy sector.
- Continuing to provide end-to-end solutions to the customers based on our experience in diverse industries.



Established in 1992 as a life insurance company, Garanti BBVA Pension and Life expanded its scope with private pension operations in 2002. After entering into partnership with Achmea in 2007, one of the strongest insurance companies in Europe, the company began to offer a variety of insurance products that were already available in Europe. As the most effective user of bank insurance; the company offers the most extensive service at its 12 regional offices and nearly 900 Garanti BBVA branches.

#### 2022 Key Data

**TL 1,000.9 million**

Net Profit  
(+58% YoY)

**TL 4.9 billion**

Total Assets  
(+59% YoY)

**TL 58,081 million**

Total Pension  
Fund Size

**2,607 million**

Total Number of Pension  
Participants (as of  
23.12.2022)

**16.37%**

Total Number of Pension  
Participants' Market Share  
(as of 23.12.2022)

#### 2023 Strategic Priorities

- Expanding the market share in under-18 private pension system.
- Keep increasing the automation of business processes and digitalization of the client base.
- Reaching more clients in terms of fund advisory.

# Important Developments Regarding 2022 Operations

## IMPORTANT DEVELOPMENTS REGARDING 2022 OPERATIONS INFORMATION ON SHARE BUYBACKS BY THE BANK

The Bank did not buy back any of its own shares in 2022.

## INFORMATION ON PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED DURING THE FISCAL YEAR

Under the applicable legislation, routine audits are conducted by supervisory authorities such as the Banking Regulation and Supervision Agency (BRSA), the Capital Markets Board of Türkiye (CMB), the Ministry of Treasury and Finance, the Undersecretariat of Treasury and the Central Bank of the Republic of Türkiye (CBRT). Detailed information about the administrative fines imposed against the Bank in 2022 by supervisory authorities as a result of auditing is provided herein below.

## INFORMATION ON LAWSUITS FILED AGAINST THE BANK, WHICH MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK AND THEIR POTENTIAL RESULTS

The Competition Board decision dated 08.03.2013 and no. 13-13/198-100: As the result of the investigation conducted to determine whether 12 financial institutions including Garanti BBVA and its subsidiaries Garanti Payment Systems and Garanti BBVA Mortgage (Garanti Economic Group) violated Article 4 of the Law on the Protection of Competition no. 4054 through engaging in a deal and/or concerted act for jointly setting interest rates, fees and commissions for deposit, loan and credit card services; with its decision dated 08 March 2013, no. 13-13/198-100, the Competition Board resolved to levy an administrative fine of TL 213,384,545.76 on the grounds that Garanti Economic Group violated Article 4 of the Law on the Protection of Competition. Believing this decision to be contrary to law and was based on inadequate examination, our Bank filed a lawsuit for the annulment of the decision. Before filing lawsuit, the administrative fine has been paid benefiting from 1/4 early payment discount. Ankara 2nd Administrative Court disregarded our defense in its entirety and dismissed the case. This time, an appeal was lodged with the higher court against this unfair and

unlawful ruling. The 13th Chamber of the Council of State adjudged dismissal of our appeal and approved the ruling of the first degree court. For this unfair and unlawful adjudgment, our Bank applied for revision of decision. In this case, the 13th Chamber of the Council of State reversed the judgment of the first degree court on the grounds that it was not established with adequate standard of proof (beyond reasonable doubt) that all of the banks investigated by the Competition Board were aware of a single framework agreement in relation to deposit, loan, credit card or public deposit services or that joint groups were aware of the said framework agreement or common plan, just like we defended, and hence the judgment was based on inadequate examination. Following reversal, the first degree court decided to sustain the original ruling. An appeal was lodged against the unfair and unlawful decision, and the Plenary Session of Administrative Law Divisions adjudged to accept our appellate plea and to reverse the first degree's decision to sustain its original ruling. The Competition Board, applied for revision of decision, which was rejected by the Plenary Session of Administrative Law Divisions. Following

this ruling, the first degree court decided annulment of the administrative fine, upon which the deposited administrative fine amount was refunded. In response, the Competition Board resorted to appeal. The post-appellate decision of the Plenary Session of Administrative Law Divisions is being awaited.

### INFORMATION ON ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE BANK AND ITS MANAGING MEMBERS DUE TO ANY PRACTICE CONTRARY TO THE LAWS AND REGULATIONS

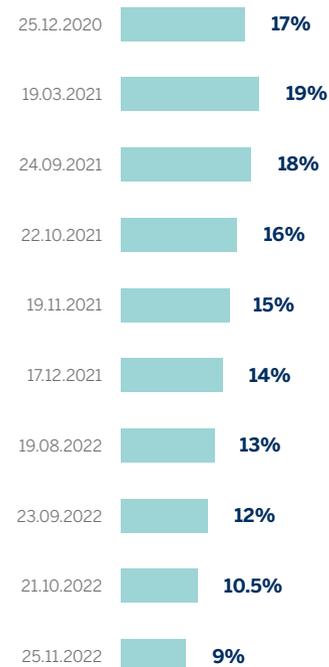
During 2022, administrative fines levied by regulatory and supervisory authorities on our Bank amounted to TL 14,585,831.50. Taking advantage of the cash payment discount, the discounted amount of TL 10,970,551.75 was paid and entered into accounts as expense in 2022.

### INFORMATION ON REGULATORY CHANGES IN 2022 THAT MAY HAVE A MATERIAL IMPACT ON THE OPERATIONS OF THE BANK

#### CBRT Policy Rate

The Monetary Policy Committee (MPC) started the policy rate cuts, which is the one-week repo auction rate, on 24 September 2021. The progressive rate reduction continued through 2022, reaching 9% on November 25. In their latest statement, the MPC stated that the prevailing policy rate is adequate and they have chosen to cease the rate-cutting cycle.

#### Policy Rate



During 2022, the MPC utilized macro-prudential tools and implemented additional steps to ensure the effectiveness of the monetary policy. These measures have been tracked and modified during the year in order to assess the performance of liraization-oriented approaches and selective credit expansion. Accordingly, banks have been the primary channel to ensure the success of these strategies.

### FOREIGN CURRENCY PROTECTED DEPOSIT SCHEME

Until September 2022 liraization strategy was mainly conducted by the use of Foreign Currency Protected Deposits in which their structure can be seen in Table-1. The regulator specified and adjusted particular conversion rate thresholds for banks to meet during the year. As a result, if banks were unable to fulfil the maximum threshold criterion, they were required to pay commission, increase reserve requirements, and allocate fixed coupon, long-term maturity TL securities.

Table-1

Related Institution	Currency devaluation support for TL deposits switched from FX	Currency devaluation support for existing TL deposits
	Central Bank of Turkey	Treasury
Deposits subject to the support	For FC deposits (\$,€,£) that are effective as of December 20	TL deposits
USD/TL	CBRT bid price @11am IST time	CBRT bid price @11am IST time
Min TL deposit rate	9% (max rates will be determined by CBRT per amendment on February 1 <sup>st</sup> )	9%, max. 12% (3% above policy rate)
Interest rate @ maturity	If T0-T1 \$/TL currency change >14%, then difference will be paid by CBT, otherwise the rate is 14%	If T0-T1 \$/TL currency change >14%, then difference will be paid by Treasury, otherwise rate 14%
Maturity	3 months, 6 months, 12 months For corporate & Commercial customers min maturity is 6 months, max. 12 months.	3 months, 6 months, 9 months, 12 months
Renewal	can be utilized only 1 time	can be renewed
Withholding tax	0%	0%
In case of early closure	Principle is protected	if TL appreciates, lower principle will be paid

### KEY REGULATIONS IN CHRONOLOGICAL ORDER

January	<ul style="list-style-type: none"> <li>Commission on foreign currency reserve requirements is set as 1.5% for the banks whose foreign currency-protected deposit have conversion rates lower than 20%.</li> <li>The Regulation on the Operation Principles of Digital Banks and Service Model Banking has entered into force as of January 2022.</li> </ul>
April	<ul style="list-style-type: none"> <li>Remuneration rate in TL reserve requirements is decreased from %8.5 to %0.</li> <li>Remuneration rate for TL reserve requirements calculated for Foreign Exchange-Protected Deposit converted to TL, is decreased from 14% to 0%.</li> <li>Pursuant to the Central Bank of Republic of Türkiye (CBRT)'s reserve requirement arrangement dated April 23, 2022: <ul style="list-style-type: none"> <li>- Commercial loans which have been extended in 4 week periods since 1 April 2022, is subject to a reserve requirement of 10%.</li> <li>- For banks with a loan growth rate above 20% by 31 May 2022 compared to 31 December 2021: the difference between their outstanding loan balances on 31 March 2022 and 31 December 2021 is subject to reserve requirements of 20% of this difference, for a period of 6 months.</li> <li>- Banks that have a conversion rate below 5% is subject to 500bps higher reserve requirement ratio. Banks that have a conversion rate between 5% to 10% is subject to 300bps higher reserve requirement ratio.</li> </ul> </li> <li>If the conversion rate is still less than 10%, as of 2 September 2022, additional 1.5% commission on foreign currency reserve requirements is set.</li> <li>The Communiqué on the Decree No. 32 Regarding the Protection of the Value of the Turkish Currency numbered 2008-32/34 has been amended in order to set forth the obligation for determining the payment obligations in Turkish Lira currency as per the agreements for the sale of movables. BRSA resolved that the application with regard to the calculation of the main amount subject to the credit risk will continue to be applied over the CBRT FX buying rate on the 31.12.2021 and also resolved the domestic SME's turnover and the risk weight for the commercial loans to be extended as of May 1st, 2022.</li> <li>The Communiqué on Supporting the Conversion of Turkish Lira Deposits and Participation Accounts (No: 2021/14) regulating the Foreign Currency Protected TRY Deposit Account Converted From FX Currencies product amended in 2022. Accordingly, the domestic legal entities can open Turkish Lira Deposit and Participation Accounts with their existing balances in banks between 31.12.2021 and 31.03.2022. This date range has been extended with the aforementioned amendment to any date between 31.12.2021 and 31.03.2022 and further to 30.06.2022, 30.09.2022 and finally 31.12.2022.</li> </ul>

May	<ul style="list-style-type: none"> <li>Pursuant to the changes made to the Banking Law numbered 5411, deposit insurance was expanded in order to include legal person customers as well. Additionally, exceptions were determined as per corporate income tax for the companies which holds the fx deposit included in their balance sheets as of Q1 in the foreign currency protected time deposit accounts for at least three months until the end of 2022.</li> </ul>		<ul style="list-style-type: none"> <li>Keeping 3 times foreign currency deposit as a reserve requirement, which was a penal requirement concerning regulations that mandate allocation of long term, fixed coupon TL securities, is abolished.</li> </ul>
June	<ul style="list-style-type: none"> <li>Communiqué on Securities Establishment was entered into force. A security obligation of 3% of foreign currency deposit is established. The securities must be fixed coupon and their maturities will be between 5 and 10 years. (For those whose conversion rate is under %10, the obligation rate will be 5% (3% + 2%) and for those under 5%, the obligation rate will be 10% (3% + 7%). For the unfilled part of the obligation 3 times the foreign currency deposit will be required as a reserve requirement.</li> <li>For general purpose loans with an amount larger than TL 100.000, the maturity requirement is decreased to 12 months from 24 months.</li> <li>The minimum payment requirement for credit cards with a limit above TL 25.000 is increased to 40% from 20%.</li> <li>The reserve requirement on TL commercial loan disbursements is increased to 20% from 10%.</li> <li>BRSA limited the extension of commercial loans in Turkish Lira currency for the companies which owns foreign currency cash assets more than 15.000.000 TRY.</li> </ul>	September	<ul style="list-style-type: none"> <li>If the ratio of total deposits to TL deposits of legal and real TL deposits is separately under 50% then 3% TL commission is required on foreign currency deposit reserve requirement. Please refer to table 3 for its details.</li> <li>Communiqué Amending the Communiqué (Number 2020/4) on the Procedures and Principles Regarding Fees to be Collected by Banks from Commercial Customers (No:2022/26) was published and entered into force on 23.09.2022: <ul style="list-style-type: none"> <li>- For commercial loans with a maturity of less than 1 year, maximum 1.1% loan disbursement fee is applied.</li> <li>- The Commercial Credit Limit Allocation fee in limit renewals is set as maximum 0.125% of the renewed limit.</li> </ul> </li> <li>Regulation amending the Regulation on Consumer Loan Agreements was published on 23.09.2022. Changes regarding the preliminary information obligation and the mandatory content of the fixed term consumer loan agreement will enter into force on 01.01.2023 and other changes entered into force on 01.10.2022. With the amendments made in the Consumer Loan Agreements Regulation; the scope of the information required to be in the information form given to the consumers with respect to the relevant loan has been expanded. The loan related insurances can be made only if the consumer accepts and demands it.</li> </ul>
July	<ul style="list-style-type: none"> <li>Reserve requirement rate of commercial loans is increased from 10% to 20%.</li> <li>Commission on foreign currency deposit reserve requirements is set as 5.0% for the banks whose conversion rates are lower than 10% as of 8 July 2022 and lower than %20 as of 2 September 2022.</li> <li>The practice of charging double commission from banks whose conversion rate could not reach 10% separately for real and legal persons is abolished.</li> <li>The limitation on the extension of commercial loans in Turkish Lira currency was loosened with further arrangements with regard to the type of loans subject to the limitation or the calculation methods or the relevant company's subjective conditions.</li> <li>The Regulation on the Disclosure of Confidential Information drafted by the BRSA has entered into force as of 1 July 2022, governing the confidentiality and non-disclosure of confidential client information under article 73/3 of Banking Law numbered 5411. Accordingly, confidential bank and client data shall not be disclosed to third parties except to those parties specified under the legislation and for strictly limited purposes.</li> </ul>	October	<ul style="list-style-type: none"> <li>Security allocation base of 3% of foreign currency deposits is revised to 5%. Please refer to table 4 for its details.</li> <li>The limitation on the extension of commercial loans in Turkish Lira currency was loosened with BRSA's resolution dated October 21, 2022 as per the decrease in thresholds and the date as of which the customers are obliged to present an representation &amp; undertaking.</li> </ul>
August	<ul style="list-style-type: none"> <li>Cash reserve requirement obligation of 20%, which was required to be established for a 1-month period, is abolished.</li> <li>For non-selective loans<sup>1</sup>, 30% of the amount must be allocated as fixed coupon, long term TL security for a period of 1 month. Furthermore, it is obligatory to allocate fixed coupon, long term TL security for a period of 1 year, equal to the loan amount exceeding the monthly growth rate of 3%, as of the last Friday of each following month starting from 29 July 2022.</li> <li>As of 30 December 2022, the obligation to allocate fixed coupon, long term TL security for 1 year, equal to the loan amount, which caused an increase of more than 10% in the loan stock balance subject to required reserves compared to 29 July 2022 is introduced.</li> <li>If selective loans<sup>1</sup> are not extended against expenditure, they will be subject to fixed coupon, long term TL security allocation.</li> <li>Interest rate cap for commercial loans, depending on the annual compound reference rate published by the Central Bank, is introduced. If the commercial loans are extended above the interest caps, they will be subject to long term, fixed coupon TL security allocation. Please refer to table 2 for its details.</li> <li>Additional 300 bps on foreign currency reserve requirement is set if conversion rate of real and commercial foreign currency accounts to TL is between %10 to %20 and 500bps if it is below 10%.</li> <li>Another circular was published by BRSA as per the Regulation on Disclosure of Confidential Information was introduced in August 2022 and within this scope, certain concepts were elaborated alongside with some principles with regard to disclosures to the main shareholder and disclosures of personal data with special nature.</li> </ul>	December	<ul style="list-style-type: none"> <li>With the communiqué published in the Official Gazette dated 10 December 2022, all foreign currency general and specific provisions are included in foreign currency liabilities and included in the Standard Ratio calculation. In addition, the Standard Ratio (foreign currency net general position/equity) has been reduced from 20% to 5%. In addition to nominal values, delta values of option transactions will also be taken into account in FX forward purchase/sale commitments</li> <li>The amount of deposit and participation funds subject to insurance was determined as 400.000 TRY as of the beginning of the 2023 calendar year by Savings Deposit Insurance Fund.</li> <li>The discount interest rate applicable to the rediscount transactions in exchange for bills with a remaining period less than 3 months until its maturity was determined as %9,75 per annum.</li> <li>The interest rate applicable to the advance transactions was determined as %10,75 per annum.</li> <li>Pursuant to the communiqué of CBRT dated 30 December 2022, (1) other financial institutions have also been included in the scope of the securities maintenance regulation. (2) The maintenance obligation according to loan interest rate and loan growth rate has been extended until 29 December 2023. (3) The scope of assets and liabilities of banks subject to the securities maintenance practice has been expanded to cover a) funds obtained from FX repo transactions, b) financial derivative transactions with FX funders to take FX funds off balance sheet, and c) securities issued by the real sector; 4) The securities maintenance practice introduced will ensure a balanced course in FX loans in line with the decline in foreign currency funding items, as security maintenance will be required if the changes in balances of FX loans vs. FX funds differ; and finally, 5) The facilities of maintaining gold for TL reserve requirements have been terminated as of 23 June 2023.</li> </ul>

<sup>1</sup> Please refer to below link for the definition of selective and non-selective loans. <https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Announcements/Press+Releases/2022/ANO2022-24>

Table-2	Annual Compound Rates	Commercial Loan Rate Thresholds	
		20% of the loan amount allocated	90% of the loan amount allocated
December	10.31%	14.43%	18.56%
November	12.19%	17.10%	21.94%
October	13.96%	19.54%	25.13%
September	15.34%	21.48%	27.61%
August	16.32%	22.85%	29.38%

Table-3	Ratio of total deposits to TL deposits	Commission rate to CBRT
	If below 50%	8%
	If between 50-60%	3%
	If above 60%	0%

Table-4	Ratio of total deposits to TL deposits	Security allocation (until 24 Feb. 2023)
	If below 50%	5% base + 7%
	If between 50-60%	5% base + 2%
	If above 60%	5% base

# Summary of the Board of Directors' Annual Report

2022 has been a turbulent and highly uncertain year from the standpoint of global economies. Inflation, climate change and the slowdown in growth were the main agenda items of the global economies. The outlook remains pressured by the all-time high inflation rates, globally tightened financial conditions and Russia's invasion of Ukraine. It is observed that global demand has started to cool down with the normalization of fiscal and monetary policies, which provided an unprecedented support to the economy during the pandemic period, and the implementation of tight monetary policies. With the steps taken to prevent inflationary pressures and deteriorated financial conditions, growth of global economies is anticipated to slow down from 6% in 2021 to 3.4% in 2022 and 2.9% in 2023, which points at the weakest growth profile since 2001 apart from the global financial crisis and COVID-19. The more striking emphasis is that the global economic outlook is still full of uncertainties and the main factor that suppresses growth is inflation.

Looking at the Turkish economy, while inflationary pressures were also experienced in the country, economic growth maintained its strong course with the effect of expansionary monetary policies, above expectation tourism revenues and credit growth. While 2022 growth is estimated to reach a strong 5.3%, the upside risks on inflation persist.

Macro prudential policies and regulations introduced during year have significantly impacted the balance sheets of banks. Amid this environment, Garanti BBVA continued to support its customers by adhering to the Bank's strategy to preserve and reinforce its capital structure. The Bank's management quickly adapted to this challenging process and comfortably fulfilled both the regulatory authorities' and the stakeholders' expectations.

**As Garanti BBVA, we are happy to report the continued improvement in our operating results once again this year.** Thanks to our healthy and strong

balance sheet structure in terms of capital generation capability, liquidity and profitability ratios, we continue to support the economy uninterrupted. Our support to the economy continues uninterrupted thanks to our balance sheet composition that remains healthy and strong with respect to capital generation capacity, liquidity and profitability ratios. **In 2022, the Bank posted a consolidated profit of TL 58 billion 510 million.** In a highly volatile and uncertain year, given the prudent risk approach of Garanti BBVA, the Bank set aside TL 500 million in free provisions, bringing **the total free provisions in the balance sheet to TL 8 billion.** In 2022, Garanti BBVA's return on equity was registered as 51.0% and return on assets was 5.4%. Capital adequacy ratio went up from 14.0% at the end of 2021 to 16.8%, excluding BRSA's forbearances, well above the regulatory limits. **The Bank's solid revenue generation capability, sound liquidity and capital ratios carries it to a leading position in the sector.**

The key drivers behind the 331% year-on-year growth in profitability are:

- **The Bank's fundamental differentiator, ability to generate a superior core NIM:** Garanti BBVA reached record levels in core net interest margin (NIM), the key strength that sets the Bank apart from its peers, and maintained its leadership here once more. The dynamic management of loan to deposit spread was the main supporter behind the Bank's core NIM performance. While the strong growth in TL lending supported TL loan yields in the first half of the year, with the interest rate cap on TL commercial loans introduced in August, TL loan yields started to decrease. The regulation regarding the weight of TL deposits in total, put pressure on TL deposit costs, with the rise in deposit costs becoming even more evident at the end of the year. Despite all these factors, Garanti BBVA's core NIM expansion, initially guided as 175 bps, was registered as 195 bps in 2022.
- **Unrivalled leadership in commissions:** Garanti BBVA's net fees and commission growth was registered as 97% year-on-year thanks to its diversified fee sources and broadened customer base. Payment systems and transaction volumes continued to act as the main drivers behind the Bank's commission

generation capability. Garanti BBVA retained its leadership in money transfer transaction commissions, as well as acquiring and issuing volumes.

- **The effect of CPI-linkers due to the increasing inflationary environment**

While loan growth in 2022 was driven by Turkish lira loans, FC loans kept shrinking due to lack of demand and redemptions. TL loan growth was 79% during the reporting period. While this growth was driven by TL business loans, Garanti BBVA increased its market share in consumer loans and credit cards.

Garanti BBVA's customer-focused deposit base continued to have the largest share in its diversified and dynamic funding structure. TL deposit base enlarged by 138% year-on-year a result of the regulations regarding the share of TL deposits within total deposits as well as the FX-Protected TL Deposit scheme (KKM). On the other hand, FC deposit volume shrank by 16%. Garanti BBVA maintained its leadership in TL demand deposit base in 2022 and reinforced its leadership in TL demand and time deposits among private banks – which indicates the fact that Garanti BBVA is the main preference of the customers.

Thanks to Garanti BBVA's FC loan portfolio that has been shrinking since 2013, its need for external borrowing has also decreased significantly. The Bank's

external debt stock decreased from USD 6.9 billion at the start of the year to USD 5.0 billion. While the FC liquidity buffer was registered as USD 10.0 billion. While 81% growth in operational expenses was above the inflation, the currency depreciation accounted for 18% of this increase. Since the currency depreciation is 100% hedged, it does not have an impact on bottom line profitability. Aside from this impact, three salary increases to employees and promotional payments to salary and pension customers were the other factors that resulted in higher operating expenses.

**As Garanti BBVA, we do our best to take good care of the world we live in and our future, and we continue our work in this area without any interruption.** Through our sustainability initiatives that prioritize climate crisis and inclusive growth, in 2022 we once again qualified for the global A List of the CDP Climate Program, one of the world's most important reporting platforms. In addition, we are the only company from Türkiye to be listed in the Emerging Markets category of the Dow Jones Sustainability Index, one of the most prestigious platforms that evaluates the sustainability performances of corporate companies worldwide, for eight consecutive years. We also improved our score from 75 to 83, achieving the fifth highest score in the global banking industry.

Our majority shareholder, BBVA, increased its sustainable financing target of EUR 100 billion, announced in 2018, to EUR 300 billion in October 2022. **As Garanti BBVA, we have contributed more than TL 40 billion to this target since 2018, and we are planning to bring this figure above TL 150 billion by 2025.**

The Bank's majority shareholder, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) made a voluntary takeover offer for all of the shares (50.15%) that it does not already own on November 15, 2021. Price per each share, which was initially set as TL 12.20, was revised to TL 15.00 on 25 April 2022, and the voluntary takeover bid process ended on 18 May 2022. BBVA acquired shares corresponding to 36.12% stake in the capital of Garanti BBVA with a total nominal value of TL 1,517,195,890.189, and **BBVA's stake in Garanti BBVA reached 85.97%**. In this context, we will continue to undertake projects that add value to the society and the economy through our constantly growing and strengthening partnership.

We will continue to pioneer the sector with our achievements and innovations in both the financial and sustainability fields.

# Reporting of the Non-Financial Disclosures

We take our business beyond “banking” activities, measure the impact we create on environmental and social issues, and take the necessary actions. In this context, when measuring our performance and evaluating our results, we focus not only on our financial performance, but also on the impact of our decisions and activities on the environment, social and human rights issues.

Reporting of the non-financial key performance indicators included (KPI) in report is prepared using the international reporting framework GRI's (Global Reporting Initiative) comprehensive guideline as well as Communication from the European Commission of July 5, 2017 on Guidelines on non-financial reporting (methodology for

reporting nonfinancial information, 2017/C 215/01). Related tables that are compliant with the Spanish Law 11/2018 on Non-Financial Information and Diversity and GRI requirements, with reference to each of the sections where necessary information can be found in the “Appendix A.1: Reporting Guidelines for the Non-Financial Disclosures”, “Appendix A.6: UNGC and WEPs Principles Analysis According to GRI Standards Content” and “Appendix A.7: GRI Standards Content Index.

Non-financial information presented in the guideline is verified by Ernst & Young., in its capacity as independent provider of verification services. The verified data are also marked in the relevant tables within the report.

# Garanti BBVA's Ratings

Garanti BBVA is rated by Fitch Ratings, Moody's and JCR Eurasia. The Long Term LC and FC ratings of Garanti BBVA assigned by JCR Eurasia Ratings represent investment grade.

## CREDIT RATINGS

### FITCH RATINGS (February 2023)

Long-term FC IDR **B-**

Long-term TL IDR **B**

**(Outlook: Negative)**

### MOODY'S (August 2022)

Long-term FC Deposit **B3**

Long-term TL Deposit **B3**

**(Outlook: Stable)**

### JCR EURASIA RATINGS (September 2022)

Long Term International FC **BBB-**

Long Term International TL **BBB**

**(Outlook: Stable)**

## CORPORATE GOVERNANCE RATINGS

### JCR Eurasia Rating (December 2022)

Garanti BBVA is listed in the Borsa Istanbul (BIST) Corporate Governance Index and highly compliant with the Capital Market Board's Corporate Governance Principle with the Corporate Governance Rating of 9.81 assigned by JCR Eurasia Ratings.

Main Sections	Weight	Score	Outlook
Shareholders	25%	9.73	Stable
Public Disclosures and Transparency	25%	9.85	Stable
Stakeholders	15%	9.87	Stable
Board of Directors	35%	9.81	Positive
		<b>9.81</b>	<b>Positive</b>

 For detailed information on Garanti BBVA's ratings, their definitions and amendments on ratings and outlooks, please refer to Ratings section of Garanti BBVA Investor Relations website of [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)

# Our Value Creation

- > Double Materiality Analysis
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- > Stakeholder Engagement

**Flexible thought system  
and rapid adaptation  
grants the power to  
remain solid against  
unexpected situations.**



# Double Materiality Analysis

The requirements established by EFRAG's new European Sustainability Reporting Standards (ESRS) have been followed, and the new Global Reporting Initiative Standards (GRI Standards) that enter into force in January 2023 were followed to determine the material issues. As BBVA Group, we identified and assessed the set of links between the company and the three pillars of sustainable development, from the perspective of the company's impacts on the environment and people through its activity – **impact materiality** – and the impact that the environmental and social issues have on the company's activity – **financial materiality**.

The association between potentially material issues with the analysis of impact materiality (Y axis) and financial materiality (X axis) makes it possible to sort these issues into two axes according to Garanti BBVA's impact on environmental and social issues and these issues' impact on the Bank.

This enables the Bank to identify the most relevant material issues in order to

prioritize the Bank's focus and actions to tackle possible impacts or opportunities.

The assessment, conducted by the BBVA Group, is overseen by the members from Garanti BBVA's Investor Relations, Sustainability, Strategic Planning, Capital & Operational Risk, Corporate Brand Management & Marketing and Customer Experience departments. Results are presented to the bank's Sustainability Committee<sup>1</sup> for discussion and approval.

Compared to the materiality analysis published in 2021, a total of 13 material issues remain, although the "COVID-19" issue has been disregarded and "Natural Capital" has been included.

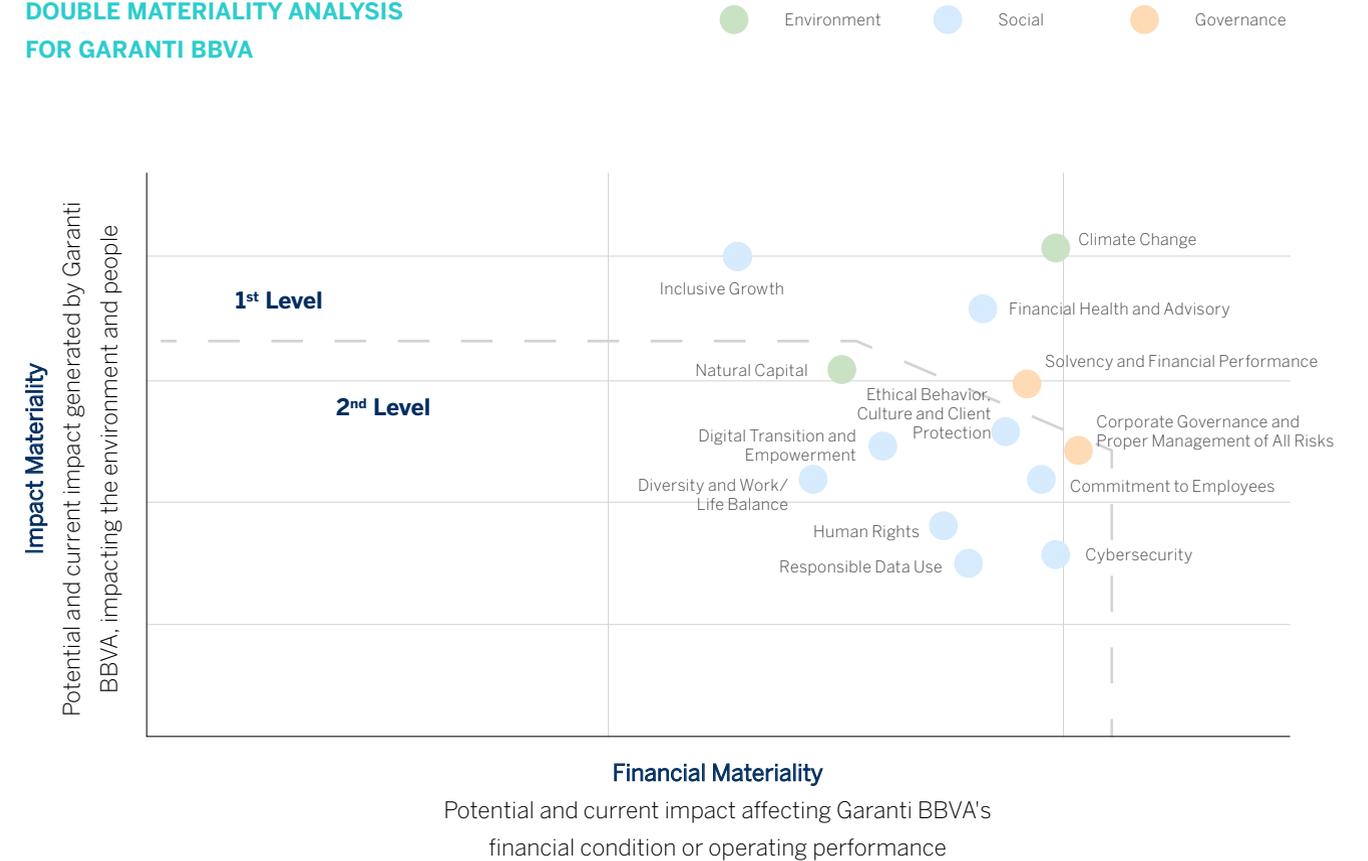
As a result of this double materiality analysis, key material issues are:

- **Climate Change:** Climate change is the main concern among our stakeholders and they expect Garanti BBVA to contribute to transition towards a low-carbon economy. This requires proper risk and opportunity management that Climate Change resulted in.

- **Inclusive Growth:** Stakeholders expect the Bank's business model to support the financial inclusion of people in the country, and enable inclusive growth via supporting entrepreneurs, women and/or disadvantaged groups.
- **Financial health and Advisory:** Stakeholders expect the Bank to get to know its customers and accordingly, propose personalized solutions and recommendations in proactive and increasingly automated way to support to better manage their finances and achieve their life goals.
- **Solvency and Financial Performance:** Interest groups expect Garanti BBVA to have a business model focusing on generating capital and liquidity, to ensure sustainable growth over time.

These issues are embodied in two of the six strategic priorities: "Helping clients in the transition towards a sustainable future" and "Improving the financial health of clients", as well as ambitious objectives for the coming years in terms of solvency and sustainable finance mobilization.

## DOUBLE MATERIALITY ANALYSIS FOR GARANTI BBVA



 The information regarding the Bank's 2022 performance of these material issues is explained in the "Value We Created in 2022" sections.

## OBJECTIVES AND DEGREE OF PROGRESS OF MATERIAL KEY ISSUES FOR GARANTI BBVA 2022

The objectives related to material issues are detailed below:

Material Issues	Indicators	Objectives	2022 Progress
Climate Change	Sustainable Finance Mobilization	Commitment to contribute to sustainable finance at least ~TL 150bn (2018-2025)	Our sustainable finance mobilization figure for 2022 exceeded TL 28 billion.
	Loan portfolio alignment with Paris Agreement	Establishing targets and methodologies to align the bank portfolio with the Paris Agreement	2030 and interim targets have been worked out in line with the 2050 net zero target. Please refer to page 147 of the 2022 Integrated Annual Report for the relevant targets.
	Electricity consumption from renewable sources	29% in 2025; 71% in 2035	Carbon neutral bank as of 2020
Solvency and Financial Performance	Common Equity Tier-I Ratio	2022: Min. required level of 10% + 1-2%	Common Equity Tier-1 Ratio (with BRSA's forbearance): 16.2% Common Equity Tier-1 Ratio (without BRSA's forbearance): 14.5%
Inclusive Growth	Setting a goal for inclusive growth	Setting a goal for inclusive growth in 2023	Planning for target setting and criteria was done with BBVA Group.
Financial Health and Advisory	Share of customers interacting with Financial Health tool and solutions	40% of our active Mobil customers interact with Financial Health tools and solutions	36% interaction with the solutions offered to customers in 2022

### PROCESS FOR DETERMINING MATERIAL ISSUES

The materiality analysis was conducted in the following phases:

- Phase 1 - Identification of material issues that are relevant to stakeholders and to Garanti BBVA.
- Phase 2 - Identification of the potential positive and negative impacts as well as the risks and opportunities for the identified material issues.
- Phase 3 - Weighting of material issues.

#### Phase 1 - Identification of material issues that are relevant to stakeholders and to Garanti BBVA.

For the identification of material issues, we have used:

##### Internal sources:

- List of BBVA's **material issues** from previous materialities
- **Human Rights** due diligence carried out by Garanti BBVA in 2022
- **Portfolio Impact Analysis Tool for Banks** – UNEP-Fi
- **Consultation** of stakeholders:
  - Clients, with a total of 1,192 surveys conducted in six countries (Argentina, Colombia, Spain, Mexico, Peru and Turkey)

- Non-clients, with a total of 1,140 surveys conducted in six countries (Argentina, Colombia, Spain, Mexico, Peru and Turkey)
- Employees, with a total of 9,243 surveys conducted in eight countries (Argentina, Colombia, Spain, Mexico, Peru, Turkey, Uruguay and Venezuela)
- Investors and shareholders
- Garanti BBVA Reputation Risk Analysis
- 2021 Garanti BBVA Integrated **Annual Report**
- **Climate change risk assessment** more than 155 media and 17,792 news analyzed; and mentions on social media.

#### External sources:

1. **Sustainability reporting framework, namely** Global Reporting Initiative

2. **ESG analysts:** MSCI, Sustainalytics, S&P and Vigeo-Eris.

#### 3. Regulation:

- Spanish Law 11/2018 on non-financial information and diversity
- European Taxonomy Regulation.
- Capital Market Board of Turkey's Sustainability Principles Compliance Report

4. **Other sources:** UNEP-Fi, analysts, indices and reference studies), as well as Context reports and trends in the financial sector and reports from internationally relevant NGOs.

#### Phase 2 - Identification of the potential positive and negative impacts as well as the risks and opportunities for the identified material issues.

For each of the identified material issues, both the potential positive and negative impacts caused directly by Garanti BBVA or by its value chain have been identified. On top of that, existing and potential risks and opportunities caused by the environmental and social issues for the financial sector and BBVA have been analyzed.

This analysis resulted in the list of material issues distributed according to the three pillars, with the associated impacts, risks and opportunities (please refer to the table below)

#### Phase 3 - Weighting of material issues.

In order to assess and prioritize material issues based on **BBVA's impact on the environmental and social issues** – considering **magnitude and scope** – the **UNEP-Fi impact** identification tool (for Consumer and Institutional Banking) has been used as a base source. The result is a measurement and prioritization

of potential positive and negative impacts on Garanti BBVA's portfolio. Other sources have been included in the analysis: assessment of the impact of Garanti BBVA's portfolio on natural capital through the **ENCORE tool**; assessment of Garanti BBVA's impact on **human rights** through due diligence; and additional source-based prioritization on **climate issues**.

In order to assess and prioritize material issues based on the **environmental and social issues impact on BBVA**, various sources have been used, from the perspective of risks and opportunities of the issues for BBVA. Risks were assessed considering their **impact and probability**.

After identifying the associated risks and quantifying the risks of the sources used, the aggregate risk measurement for the different issues is calculated.

## MATERIAL ISSUES, RISKS &amp; OPPORTUNITIES

Issue	Description	Impact Materiality <sup>1</sup>		Financial Materiality		
		Positive impacts	Negative impacts	Risks	Opportunities	
ENVIRONMENTAL	1. Climate change	<p>Measures to:</p> <ul style="list-style-type: none"> <li>Adapt to the consequences of climate change, e.g. establishing policies, identifying and managing climate risks and opportunities, defining the portfolio's decarbonization goals in line with the Paris Agreement goals, including sustainability criteria and specifically climate change in the credit analysis of client transactions.</li> <li>Develop products that guarantee a responsible use of resources (energy, water, materials, etc.), and promote products and services with environmental content, aligned with appropriate waste management in accordance with the EU Taxonomy, which contribute to the circular economy and avoid pollution.</li> <li>Improve efficient use of resources, raw materials (paper), water and energy and waste generation in our own operations, in order to reduce the internal environmental and carbon footprint. This includes the measures taken to promote the development and promotion of the circular economy and waste prevention and management.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce GHG emission levels and help fulfill the objectives set in the Paris Agreement through financing and support for the transition of clients/sectors toward a lower carbon economy.</li> <li>Reduce GHG emission levels and help fulfill the objectives set in the Paris Agreement by directing and promoting financing toward more sustainable sectors and activities.</li> <li>Reduce pollution levels by directing and boosting finance toward more sustainable sectors and activities.</li> <li>Reduce the generation of waste produced by the bank's own operations through management measures and circular economy.</li> <li>Reduce resource use – mainly water, energy and paper – in the bank's own operations through management and efficiency measures.</li> </ul>	<ul style="list-style-type: none"> <li>Finance clients without transition strategies toward a lower carbon economy and with no support in this transition, leading to a failure to meet the decarbonization objectives set by the Paris Agreement.</li> <li>GHG emissions from the portfolio in general, and by financing clients/sectors/operations with high GHG emissions that contribute negatively to climate change.</li> <li>The portfolio's negative environmental impacts due to pollution in general, and due to financing of highly polluting clients/sectors/operations.</li> <li>Negative environmental impacts derived from the waste produced by the bank's own operations.</li> <li>Negative environmental impacts derived from the resources consumed – mainly water, energy and paper – in the bank's own operations.</li> </ul>	<ul style="list-style-type: none"> <li>Lawsuits related to climate change non-compliance arising from increased regulatory requirements</li> <li>Lack of adaptation or slow adaptation of financial products to the effects of climate change</li> <li>Lack of portfolio adaptation (especially high-risk sectors) to the climate transition (transition risk).</li> <li>Portfolio exposure to acute and chronic physical risk events (storms, floods, heat waves, etc.).</li> <li>Depreciation and early retirement of existing assets (damage to property and assets in "high risk" locations).</li> <li>Greenwashing.</li> <li>Reduced revenue from financing/non-financing of highly polluting products/sectors.</li> <li>Reduction in the value of fixed assets (e.g. highly polluting assets).</li> <li>Increased costs and reduced demand for products and services due to fines and rulings.</li> <li>No or poor integration of an operational efficiency strategy.</li> <li>Increased long-term resource costs (circularity, energy, water).</li> </ul>	<ul style="list-style-type: none"> <li>Financing of new activities linked to energy transition – mitigation and adaptation: <ul style="list-style-type: none"> <li>transport of biofuels and hydrogen, ST;</li> <li>CO<sub>2</sub> capture, LT</li> <li>Renewables, ST;</li> <li>Green hydrogen, MT</li> <li>Distribution of solar panels to construction and infrastructures, ST</li> <li>Building renovation, ST</li> <li>Adaptation infrastructures, ST</li> <li>Low emission electric transport, ST</li> <li>Hydrogen-powered transportation, LT</li> <li>Metals for electric vehicles, ST</li> <li>Agricultural waste used as biogas, ST</li> <li>Energy in agricultural plants, MT</li> <li>Anti-drought products, MT</li> <li>Carbon credit markets, ST</li> <li>Other sectors toward carbon neutrality, ST</li> </ul> </li> <li>Financing of sustainable activities, without pollution disputes.</li> <li>Recognition for positioning as an environmentally efficient company.</li> <li>Cost savings through improved efficiency in resource use – water, energy, paper.</li> </ul>
	2. Natural capital	<p>Management of risks and opportunities linked to natural capital: measures taken to preserve or restore biodiversity; impacts and dependencies on natural capital; impacts caused by activities or operations in protected areas; and remediation or compensation measures implemented.</p>	<ul style="list-style-type: none"> <li>Help to reduce and reverse ecosystem degradation by directing and boosting financing toward more sustainable sectors and activities and excluding more harmful activities.</li> <li>Contribution to the preservation or restoration of biodiversity by financing projects aimed at the protection and/or restoration of natural capital (forest protection, reforestation, ecosystem restoration, etc.); including the blue economy.</li> </ul>	<ul style="list-style-type: none"> <li>Degradation of ecosystems due to land degradation, depletion of water resources or destruction of forests and biodiversity as a result of the negative environmental impacts of the portfolio as a whole; and by financing clients/sectors/operations with high impact on ecosystem degradation.</li> <li>Degradation of ecosystems in areas of high ecological value by financing of clients/operations with activity in these locations.</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio exposure to sectors that are highly dependent on natural capital.</li> <li>Portfolio exposure to sectors with high impacts on natural capital, which are unable to adapt or are slowly adapting to new natural capital protection requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financing of activities linked to the protection and restoration of natural capital: <ul style="list-style-type: none"> <li>Sustainable forest management, ST</li> <li>Reforestation, ST</li> <li>Blue economy, MT</li> <li>Nature-Based Solutions (NBSs), MT</li> <li>Organic agriculture, ST</li> <li>Adaptation of sectors in general to ecosystem degradation, ST</li> <li>Adaptation infrastructures, ST</li> <li>Anti-drought products, MT</li> </ul> </li> <li>Ecosystem services credit markets, LT</li> </ul>

<sup>1</sup> The identified impacts, both positive and negative, are potential: they are taken mainly from the UNEP-Fi tool that considers the potential impacts of BBVA's portfolio.

Issue	Description	Impact Materiality <sup>2</sup>		Risks	Financial Materiality	
		Positive impacts	Negative impacts		Opportunities	
SOCIAL	<b>3. Digital Transition and Empowerment</b>	Offer a good experience for all clients, ensuring simplicity, agility, speed and self-service. In addition to promoting innovation and digitalization of client and business service, development of new disruptive technologies and consolidation of Big Tech.	<ul style="list-style-type: none"> <li>Contribution to the transformation toward a digital and connected economy.</li> <li>Access to finance and financial services by promoting new digital channels, products and services (indirect).</li> <li>Access to financing and financial services by facilitating accessibility, simplicity and agility in client management (indirect).</li> </ul>	<ul style="list-style-type: none"> <li>Indirect negative impacts on access to finance and financial services derived from possible exclusions of some vulnerable groups that may not adapt to digitalization (e.g. the elderly).</li> <li>Exclusion of groups with less adaptability to changes geared toward new technologies (e.g. older people, rural areas).</li> </ul>	<ul style="list-style-type: none"> <li>No adaptation or slow adaptation to digital transformation expectations.</li> <li>Loss of business due to competition from digital players that provide financial services.</li> <li>Costs associated with investments resulting from the approach and facilitation of services</li> <li>Implementation of solutions, products or services perceived as inappropriate</li> </ul>	<ul style="list-style-type: none"> <li>Development of new innovative and digital financial products and services.</li> <li>Positioning and recognition by stakeholders – especially clients – as an innovative and digital company.</li> <li>Positioning and recognition by stakeholders – especially clients – as a company that offers a simple, agile and fast service.</li> </ul>
	<b>4. Financial Health and Advisory</b>	Client relationship management: channels used for measuring client satisfaction, complaints channel, proposing solutions and personalized recommendations to improve their financial health and achieve their life goals.	<ul style="list-style-type: none"> <li>Positive contribution to the health of the economy through access to quality and personalized financial services.</li> <li>Positive contribution to the financial health and well-being of clients.</li> <li>Positive contribution to consumer protection (indirect).</li> <li>Financial education for clients and society in general; and specific for disadvantaged and/or vulnerable groups (indirect).</li> <li>Access to quality financial products and services.</li> </ul>	<ul style="list-style-type: none"> <li>Negative effects on the health of the economy due to the lack of quality and personalization of financial services.</li> <li>No contribution or negative contribution to the financial health and well-being of clients.</li> <li>No contribution or negative contribution to consumer protection (indirect).</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate design of the catalog of products and services, due to no inclusion of products and services with ESG orientation, or no ESG criteria in products and services (associated with failure to fulfill client needs).</li> <li>Improper handling of client complaints/claims.</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition among clients as a reliable company that responds to their needs.</li> </ul>
	<b>5. Inclusive Growth</b>	Promote access to sources of financing for low-income populations and small businesses/professionals with fewer resources and options. Development of new products by harnessing new technologies that open up new, previously inaccessible markets due to their risk factor; complemented by efforts to improve the financial literacy of clients to ensure informed decision-making. Company's commitments to society and the populations and territory where it has a presence, to employment and local development through its philanthropic activities.	<ul style="list-style-type: none"> <li>Access to finance and financial services in less well connected areas (e.g. rural areas).</li> <li>Access to finance and financial services for vulnerable and disadvantaged groups; through both financing in general and by offering targeted products.</li> <li>Financial education for clients and society in general; and specific for disadvantaged and/or vulnerable groups.</li> <li>Accessibility of financial products.</li> <li>Products aimed at SMEs and freelancers with less access to financing and sustainable business models.</li> <li>Positive impact on society and communities by fostering partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>No access to finance and financial services in less well connected areas (e.g. rural areas).</li> <li>No access to finance and financial services for vulnerable and disadvantaged groups; through both financing in general and by offering targeted products.</li> <li>No financial education for clients and society in general; and specific for disadvantaged and/or vulnerable groups.</li> <li>No accessibility of financial products.</li> <li>Lack of products aimed at SMEs and freelancers with less access to financing and sustainable business models.</li> </ul>	<ul style="list-style-type: none"> <li>Reputational loss due to lack or insufficiency of financial inclusion measures.</li> <li>Reputational risk due to lack of contribution or inadequate contribution to the needs of the social environment.</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders – especially clients – as a company that provides and facilitates access to financing to vulnerable groups, disadvantaged areas and promotes the revitalization of the local and regional economy.</li> <li>Development of new products and services aimed at disadvantaged and/or vulnerable groups, or underserved areas.</li> <li>Promotion of financing for SMEs and the self-employed with less access to financing.</li> </ul>

<sup>1</sup> The identified impacts, both positive and negative, are potential: they are taken mainly from the UNEP-Fi tool that considers the potential impacts of BBVA's portfolio.

Issue	Description	Impact Materiality <sup>1</sup>		Financial Materiality	
		Positive impacts	Negative impacts	Risks	Opportunities
<b>6. Ethical Behavior, Culture and Client Protection</b>	Guarantee an environment of business ethics by ensuring compliance with the applicable rules and the establishment of policies and measures regarding inside information, the fight against corruption and bribery and money laundering, etc. In addition to implementing measures to quality service that guarantees client security, transparency in client information; prevention and detection of bad sales practices, for example, company policies on compensation or other incentives that may generate risk of selling products and services that threaten the benefits for clients; etc.	<ul style="list-style-type: none"> <li>Positive contribution to consumer protection.</li> <li>Positive contribution to the health of the economy through access to quality and transparent financial services (indirect).</li> <li>Positive contribution to the financial health and well-being of clients (indirect).</li> <li>Positive contribution to the health of economies.</li> <li>Positive contribution to the achievement of ethical, resilient and solvent institutions.</li> </ul>	<ul style="list-style-type: none"> <li>No contribution or negative contribution to consumer protection.</li> <li>Negative effects on the health of the economy due to the lack of quality and transparency of financial services (indirect).</li> <li>No contribution or negative contribution to the financial health and well-being of clients (indirect).</li> <li>No contribution or negative contribution to the health of economies.</li> <li>No contribution or negative contribution to the achievement of ethical, resilient and solvent institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of competitiveness/revenue due to inappropriate advice and marketing (including malpractice and/or lack of transparency in the advisory and marketing process; possible discrimination against clients in access to services and products; failure to offer products and services suited to the needs and/or type of client, with special attention to vulnerable clients).</li> <li>Loss of competitiveness/revenue due to inadequate design of the catalog of products and services, including unfair clauses, wrong target audience, misallocation of client risk level, etc.</li> <li>Lawsuits linked to non-compliance with client protection obligations arising from regulatory requirements.</li> <li>Reputational risk and lawsuits for corruption, fraud, bribery and tax non-compliance</li> </ul>	
<b>7. Cybersecurity</b>	Measures aimed at ensuring the bank's security as regards software and information security to prevent theft, attacks or alterations of any kind, which compromise the company's credibility and good work.	<ul style="list-style-type: none"> <li>Positive contribution to the health of the economy through the protection of clients' finances.</li> <li>Cybersecurity education for clients and society in general; as a consequence of information campaigns (indirect).</li> </ul>	<ul style="list-style-type: none"> <li>No contribution or negative contribution to the health of the economy due to lack of protection or inadequate protection of clients' finances.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of competitiveness/revenue due to failures in information systems and/or lack of protection against cyberattacks; leaks of confidential information and security breaches.</li> <li>Excessive dependence on service providers for cybersecurity management.</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders – especially clients – as a secure company against cyberattacks.</li> <li>Development of solutions against cyberattacks that can be a competitive advantage in the market.</li> </ul>
<b>8. Responsible Data Use</b>	Ensure the privacy and security of personal financial data: ensure data protection from current, emerging and continuously evolving cybersecurity threats and technologies. Potential real-world data breaches that jeopardize clients' personally identifiable information, and credit and debit card fraud. Compliance with the applicable legislation, and guaranteed digital rights.	<ul style="list-style-type: none"> <li>Positive contribution to the health of the economy through the protection of clients' finances and data.</li> <li>Protection of the right to privacy.</li> <li>Education in responsible use of data for clients and society in general; as a consequence of information campaigns (indirect).</li> </ul>	<ul style="list-style-type: none"> <li>No contribution or negative contribution to the health of the economy due to lack of protection or inadequate protection of clients' finances.</li> <li>No contribution or negative contribution to the protection of the right to privacy.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of competitiveness/revenue due to inadequate processing of clients' personal information.</li> <li>Reputational risk due to improper processing of employees' personal information.</li> <li>Lawsuits linked to non-compliance with data use obligations, which are derived from regulatory requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders – especially clients – as a company that uses data responsibly.</li> </ul>

<sup>1</sup> The identified impacts, both positive and negative, are potential: they are taken mainly from the UNEP-Fi tool that considers the potential impacts of BBVA's portfolio.

Impact Materiality<sup>1</sup>

Financial Materiality

Issue	Description	Positive impacts	Negative impacts	Risks	Opportunities	
SOCIAL	<b>9. Human Rights</b>	<ul style="list-style-type: none"> <li>Positive contribution to the protection of the human rights of employees, clients, third parties and society in general.                             <ul style="list-style-type: none"> <li>Financing clients/activities/sectors that make a positive contribution to human rights (such as activities that provide access to services and commodities)</li> <li>Engaging the services of suppliers that protect the human rights of their employees.</li> <li>Positive contribution to improving the protection of employees' rights.</li> </ul> </li> <li>Positive contribution to the social development of the countries where it has a presence, by engaging local suppliers</li> <li>Sustainable transformation of suppliers by introducing procurement clauses that require progress on human rights issues.</li> </ul>	<ul style="list-style-type: none"> <li>No contribution or negative contribution to the protection of the human rights of employees, clients, third parties and society in general. E.g.                             <ul style="list-style-type: none"> <li>financing of clients/activities/sectors that violate human rights.</li> <li>Engaging the services of suppliers that violate the human rights of their employees.</li> <li>Violation of rights of direct employees.</li> </ul> </li> <li>No contribution or negative contribution to the social development of the countries where it has a presence, by engaging local suppliers</li> <li>No contribution to the sustainable transformation of suppliers as a result of bad practices in the supplier approval process (for example, working conditions that do not respect Human Rights) or lack of inclusion of sustainability requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk and lawsuits for non-compliance with the human and labor rights of employees.</li> <li>Portfolio exposure to sectors/clients/operations with high risk of human rights violations.</li> <li>Bad practices or cases of violation of human rights by a third party that may be linked to the company or the sector.</li> <li>Bad practices in social and governance matters by a third-party supplier or contractor that may be linked to the company or the sector.</li> <li>Unfair and abusive contractual conditions</li> <li>No social and environmental due diligence processes for the engagement and maintenance of suppliers and contractors (including modern slavery, forced labor and child labor).</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders as a company with a positive contribution to human rights.</li> <li>Promotion of financing of activities that provide access to basic services and staple food commodities, especially for populations or regions with difficult access.</li> <li>Strengthening relationships with suppliers by promoting the defense of Human Rights and the establishment of partnerships.</li> </ul>	
	<b>10. Diversity and Work/Life Balance</b>	<p>Measures to ensure the management and integration of individual differences within the company's stakeholders: implementation of policies and plans on discrimination, equality and diversity; other initiatives aimed at guaranteeing equal opportunities, work-life balance and disconnection and the well-being of employees.</p>	<ul style="list-style-type: none"> <li>Positive contribution to the objectives of ensuring equal opportunities.</li> <li>Contribution to the welfare of society.</li> </ul>	<ul style="list-style-type: none"> <li>No contribution or negative contribution to the objectives of ensuring equal opportunities.</li> <li>No contribution or negative contribution to the welfare of society.</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk and lawsuits for cases of discrimination, limitation of maternity/paternity rights, workplace harassment or similar in employees.</li> <li>Bad practices in equality and work-life balance; or cases of discrimination by a third party that may be linked to the company or the sector.</li> <li>No adaptation or slow adaptation of the entity's strategy (and implementation of measures) to promote equality, diversity and work-life balance that may affect the perception that employees and other stakeholders have of the entity.</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders – especially employees – as a company that promotes equal opportunities and work-life balance.</li> <li>Increased productivity from implementing actions to improve work-life balance.</li> </ul>
	<b>11. Commitment to Employees</b>	<p>Talent management measures such as talent selection, attraction, retention and development: organization of working time; remuneration policies, competitive and fair wages; training policies and initiatives, and career plans.</p> <p>Social dialog, including procedures for informing, consulting and negotiating with staff: freedom of association, trade union relations and collective agreements. And measures aimed at preventing occupational risks and promoting the health (physical and mental) and safety of employees.</p>	<ul style="list-style-type: none"> <li>Generation of quality employment and payment of decent wages.</li> <li>Contribution to the welfare of society.</li> <li>Positive contribution to employees' labor rights.</li> <li>Positive contribution to the safety, health and integrity of employees.</li> <li>Positive contribution to safety and health education.</li> </ul>	<ul style="list-style-type: none"> <li>Generation of increasingly poor quality employment.</li> <li>No contribution or negative contribution to the welfare of society.</li> <li>No contribution or negative contribution to the labor rights of employees.</li> <li>No contribution or negative contribution to the safety, health and integrity of employees.</li> <li>No contribution or negative contribution to health and safety education.</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk and lawsuits due to no fair and decent wage conditions.</li> <li>No adaptation or slow adaptation of the entity's strategy (and implementation of measures) to promote the attraction and retention of talent that may affect the perception that employees and other stakeholders have of the entity.</li> <li>Reputational risk or lawsuits for limitations on the right to organize, freedom of association and collective bargaining; or perception of limitation to such rights.</li> <li>Lack of or insufficient measures for the protection of the safety, health and welfare of employees</li> </ul>	<ul style="list-style-type: none"> <li>Positioning and recognition by stakeholders – especially employees – as a company that facilitates the career development of its employees.</li> <li>Positioning and recognition by stakeholders – especially employees – as a company that favors social dialog.</li> <li>Positioning and recognition by stakeholders – especially employees – as a company that protects the health and safety of employees.</li> </ul>

<sup>1</sup> The identified impacts, both positive and negative, are potential: they are taken mainly from the UNEP-Fi tool that considers the potential impacts of BBVA's portfolio.

Issue	Description	Impact Materiality <sup>1</sup>		Risks	Financial Materiality
		Positive impacts	Negative impacts		
GOVERNANCE	<b>12. Solvency and Financial Performance</b>	<p>A bank that is strong in capital and liquidity contributes to the stability of the system. In addition, the bank's performance improves over time. In other words, a solid capital and liquidity management also creates a sustainable business model in the existing ecosystem.</p> <ul style="list-style-type: none"> <li>• Positive contribution to the economic stability</li> <li>• Positive contribution to socio-economic welfare</li> </ul>	<ul style="list-style-type: none"> <li>• No contribution or negative contribution to the economies.</li> <li>• No contribution or negative contribution to socio-economic welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient capital adequacy pose to risk for business model</li> <li>• Failure to meet the expectations of stakeholders, especially shareholders and investors.</li> </ul>	<ul style="list-style-type: none"> <li>• Enables business continuity.</li> <li>• Capital cost savings.</li> <li>• Lower pressure from the regulator</li> <li>• Attracting more capital inflow and investors</li> <li>• Increasing job opportunities and attracting more customers</li> </ul>
	<b>13. Corporate Governance and Proper Management of All Risks</b>	<p>Ensure compliance with best practices in good governance: composition, independence and remuneration of governing bodies; promoting transparency; promoting control, anti-trust management and actions, and actions against monopolistic practices; promoting economic, social and environmental skills in Board/Management members, inter alia. And having a risk management and control model in place: systems and procedures used to detect and assess the different risks to which the company is exposed in accordance with the applicable national, European or international reference frameworks. Management and control of all types of risks: traditional risks as well as social, climate and environmental and good governance risks, systemic risk, risk of adaptation to different regulations and the company's resilience. Impacts detected and derived from these risks, and mechanisms to deal with them.</p>	<ul style="list-style-type: none"> <li>• Positive contribution to the achievement of ethical, resilient and solvent institutions.</li> <li>• Positive contribution to equal opportunities and diversity (through diversity in senior positions).</li> <li>• Positive contribution to the health of economies through the mitigation of risks that may affect it.</li> <li>• Positive contribution to building resilient institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• No contribution or negative contribution to the achievement of ethical, resilient and solvent institutions.</li> <li>• No contribution or negative contribution to equal opportunities and diversity (through diversity in senior positions).</li> <li>• No contribution or negative contribution to the health of economies through the mitigation of risks that may affect it.</li> <li>• No contribution or negative contribution to the achievement of resilient institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance structure or practices misaligned with good governance principles and standards.</li> <li>• Inadequate inclusion of new types of risk or without the necessary speed.</li> <li>• No or insufficient mitigation plans for all relevant risk types.</li> <li>• Lack of integration of risks (traditional and non-traditional) into the company; or inadequate integration or without the necessary speed.</li> </ul>

<sup>1</sup> The identified impacts, both positive and negative, are potential: they are taken mainly from the UNEP-Fi tool that considers the potential impacts of BBVA's portfolio.

# Our Value Creation

## OUR VALUE CREATION MODEL

Garanti BBVA seeks to have a positive impact on the lives of people, companies and as a whole the society through its activity. In this context, we focus on creating long-term value for all stakeholders with our responsible banking model.

We create value in various ways – by supporting economic growth via lending, creating job opportunities, providing a safe working environment and developing community investment programs. We also act as an agent for a social change. We take sector-leading action to ignite the transformation for a better future. At Garanti BBVA, we attach importance to not just the impact we create on the economy, but also to the impact we create on the environment, social life and technology and we act with this awareness.

Our Value Creation Model provides a general overview of our value chains and it is based on five capitals. Model should be read from left to right:

### Each capital has inputs or resources we use for our activities:

- **Human Capital:** Number of employees, our working model, our workplace and HR policies
- **Financial Capital:** Assets, revenues, operating expenses and equity
- **Digital and Intellectual Capital:** Our technological infrastructure, our processes and IT systems
- **Relationship Capital:** Our communication and service channels, network.
- **Natural and Social Capital:** Use of natural sources, our social ties, our brand, our environmental and social investments

### Our business model utilizes these resources to execute the strategy

### Following the strategy execution, these inputs are transformed and yield results / values for stakeholders.

- **Investments in Human Capital:** We adopt a management policy that ensures equal opportunity and diversity, with the priority of building the best and most engaged team.

- **Financial Value:** We support economic growth and maximize the value we create for our stakeholders.
- **Data and Technology:** We provide customized and to the point solutions for our customers and improve operational efficiency
- **Customer Experience:** We provide support to improve our customers' Financial health and deepen our relationship with them, via meeting their needs at the right time and at the right channel.
- **Sustainability and Community Investments:** We focus on managing the direct impact we have on natural resources and the social impact created as a result of our community investment programs and our impact through our business activities.

## OUR STAKEHOLDERS

In line with its responsible banking model, Garanti BBVA is in regular contact with its stakeholders, listening to their ideas and moving forward with the focus of being an inclusive bank in every field. Continuous feedback from stakeholders not only enables the Bank to better understand stakeholder expectations

	Material Issues	Related Strategic Priorities	Value Creation
1	Climate change	Sustainability	Please see section "Sustainability and Community Investments"
2	Solvency and Financial Performance	Operational Excellence	Please see section "Financial Value"
3	Financial health and advisory	Financial Health, Sustainability, Data and Technology	Please see sections "Customer Experience" and "Data and Technology"
4	Inclusive growth	Financial Health Reaching more Clients	Please see sections "Customer Experience"
5	Natural capital	Sustainability	Please see section "Sustainability and Community Investments"
6	Digital transition and empowerment	Financial Health Reaching more Clients Data and Technology	Please see sections "Customer Experience" and "Data and Technology"
7	Ethical behavior, culture and client protection	Data and Technology Financial Health	Please see sections "Customer Experience" and "Data and Technology"
8	Cybersecurity	Data and Technology	Please see section "Data and Technology"
9	Responsible use of use	Data and Technology	Please see section "Data and Technology"
10	Human Rights	The Best and the Most Engaged Team	Please see section "Investments in Human Capital"
11	Diversity and work/life balance	The Best and the Most Engaged Team	Please see section "Investments in Human Capital"
12	Commitment to employees	The Best and the Most Engaged Team	Please see section "Investments in Human Capital"
13	Corporate governance and proper management of all risks	Operational Excellence Sustainability	Please see sections "Financial Value" and "Sustainability and Community Investments"

and more accurately meet their needs, but also provides a great opportunity to identify risks and opportunities, and to define its priorities and strategy more comprehensively. Today, dialogue with stakeholders significantly influences the management of sustainability in companies.

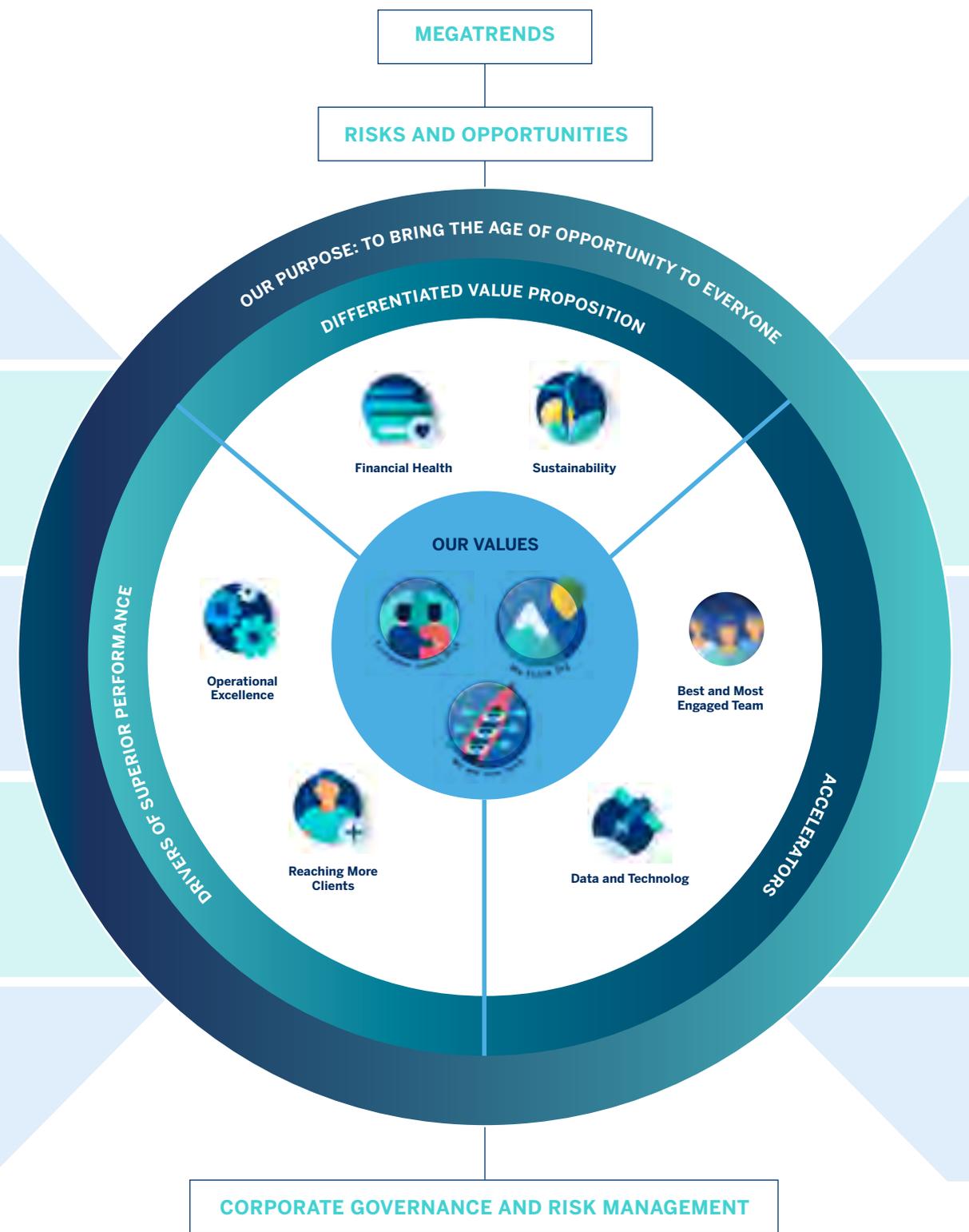
Garanti BBVA grouped its stakeholders as those impacted by the Bank through its operations, products and services

and those that have an impact on the Bank's achievement of its goal. Based on this analysis, key stakeholders are determined as:

1. Customers,
2. Employees,
3. Shareholders and investors,
4. Government agencies & regulatory bodies,
5. Community

Non-governmental Organizations (NGOs) and international organizations, which monitor not just the public opinion but also the Bank's activities and its contributions to the Sustainable Development Goals were taken into consideration as part of the society stakeholder.

INPUT	
<b>HUMAN CAPITAL</b>	<ul style="list-style-type: none"> <li>• <b>18,544</b> employees</li> <li>• Hybrid working model</li> <li>• A total of <b>6,448</b> trainings in various fields from personal awareness to technical training</li> <li>• Investments to programs for employee happiness</li> <li>• <b>Diversity</b> policies</li> </ul>
<b>FINANCIAL CAPITAL</b>	<ul style="list-style-type: none"> <li>• Consolidated Asset size <b>1 trillion 303 billion TL</b></li> <li>• Business model focused on capital generation, dynamic balance sheet management</li> <li>• Equity size <b>153 billion TL</b></li> <li>• <b>Data-driven</b> and <b>agile</b> decision-making processes</li> </ul>
<b>DIGITAL AND INTELLECTUAL CAPITAL</b>	<ul style="list-style-type: none"> <li>• Integration of <b>artificial intelligence</b> and <b>machine learning</b> systems</li> <li>• <b>Continuous investment in technology</b> since the early 90s</li> <li>• Investments in <b>robotic</b> process automation since 2019</li> <li>• Experienced professionals in data science, <b>teams working with agile discipline</b></li> </ul>
<b>RELATIONSHIP CAPITAL</b>	<ul style="list-style-type: none"> <li>• The first customer satisfaction channel serving 24/7 via social media: <b>"Ask Garanti BBVA"</b></li> <li>• Türkiye's first artificial intelligence powered smart assistant: <b>UGI</b></li> <li>• Uninterrupted customer experience through all channels with an integrated channel strategy</li> <li>• <b>5,450</b> ATMs</li> <li>• <b>100%</b> coverage with <b>829</b> domestic branches</li> <li>• Root cause analysis to reduce customer dissatisfaction</li> </ul>
<b>NATURAL AND SOCIAL CAPITAL</b>	<ul style="list-style-type: none"> <li>• <b>TL 150 billion commitment</b> until 2025 in line with the sustainable finance targets of the BBVA Group</li> <li>• Active membership in <b>52</b> working groups and <b>29</b> initiatives</li> <li>• Studies focused on <b>combating the climate crisis</b> and inclusive growth for 16 years</li> <li>• The first signatory of the <b>United Nations Net Zero Banking Association</b> from Turkey</li> <li>• Adding the <b>sustainable finance</b> target to the premium criteria of employees at all levels</li> <li>• <b>Coal exit</b> commitment</li> </ul>



VALUE CREATED

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

INVESTMENTS IN HUMAN CAPITAL

- According to the employee engagement survey results, 2022 engagement score is **4.30/5**
- Training hours per employee **42.17**
- **Women make up 40%** of middle and senior management
- In line with the diversity target of the Board of Directors, it is aimed that female managers will represent **25% of the Board of Directors** by the end of 2025.



FINANCIAL VALUE

- **974 billion TL** contribution to the economy with cash and non-cash loans
- Return on Equity **51%**
- **Leader among private banks** in TL loans and TL deposits
- **Capital adequacy ratio of 16.8%** (without BRSA forbearance) well above regulatory requirements
- **17 billion 425 million TL tax payment** in 2022 (24% effective tax rate)



DATA AND TECHNOLOGY

- **Smart assistants** answer an average of over 2 million questions from customers per month
- **Garanti BBVA Mobil's** rate of understanding the smart assistant correctly and providing accurate guidance is **90%**
- Number of processes developed with Robotic Process Automation: **93**
- **115** new machine learnings in 77 projects
- **97.6%** of non-cash financial transactions are via digital channels



CUSTOMER EXPERIENCE

- **23.2 million** customers
- **82.3% of customers are served in 30 seconds or less**
- **Leader with 13.4 million digital customers**, sales from digital channels make up **86%** of total sales
- Net Promoter Score for SME, Commercial, Mobile Banking #1, for Consumer Banking #2
- **Unrivaled leadership in payment systems** - Highest number of credit card customers and acquiring & issuing volumes



SUSTAINABILITY AND COMMUNITY INVESTMENTS

- **Carbon neutral bank** since 2020
- Our contribution to sustainable finance commitment is **> 40 billion TL** (2018-2022)
- With the renewable energy used in its branches and buildings, **43,879 tCO<sub>2</sub>e** carbon emissions, which is equivalent to the amount of greenhouse gas that approximately **2.7 million** trees can reduce, were prevented.
- Contribution to **17** SDGs and 70 target
- Financing provided to Community Investment Programs **71,7 million TL**



# Contribution to Sustainable Development Goals and Targets

We contribute to the United Nations 2030 Sustainable Development Goals and the Paris Agreement with our activities, collaborations and actions. The Bank published its first Sustainability Report in 2010, its Sustainability Policy in 2014, and its first Integrated Annual Report in 2017. In our 2022 Integrated Annual Report, we aim to explain in detail how we contribute to the Sustainable Development Goals with our practices. As Garanti BBVA, we contribute to all 17 Sustainable Development Goals and 70 targets.

Among these, SDGs that we have the most effect in parallel with our priority issues are;



1 NO POVERTY: END POVERTY IN ALL ITS FORMS EVERYWHERE			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>1.4.</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of 13 property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>	<p><b>Financial Health Programs</b></p>	<p>Develops programs that will serve to social and economic empowerment of individuals by building on their financial literacy and participation in the banking system in line with inclusive growth target. <a href="#">(page 140)</a></p>	<p><b>INCLUSIVE GROWTH</b></p>

2 ZERO HUNGER: END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>2.3.</b> By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>	<ul style="list-style-type: none"> <li>• <b>Agricultural Support Package</b></li> </ul>	<p>Supports agricultural establishments during and after production periods with the financial products developed <a href="#">(page 154)</a></p>	<p><b>INCLUSIVE GROWTH</b></p> <p><b>CLIMATE CHANGE</b></p>
<p><b>2.4.</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p>	<ul style="list-style-type: none"> <li>• <b>Sustainable Agricultural Loans</b></li> </ul>	<p>As of December 2022, cumulative funding support to uncreditworthy farmers within the scope of sustainable agriculture and inclusive growth exceeded TL 170 mn on the basis of all business lines. <a href="#">(page 154)</a></p>	

3 GOOD HEALTH AND WELL-BEING: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>3.9.</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	<ul style="list-style-type: none"> <li>• <b>COVID-19 Hotline</b></li> <li>• <b>Employee Support Hotline</b></li> </ul>	<p>OHS team of 45 Occupational Physicians, OHS Experts and Occupational Nurses <a href="#">(page 126)</a></p> <p>In 2022, Garanti BBVA carried on with the psychological support via the "Employee Support Hotline" in keeping with the emphasis it places on employees' psychological wellbeing. <a href="#">(page 127)</a></p>	<p><b>HUMAN RIGHTS</b></p> <p><b>DIVERSITY AND WORK-LIFE BALANCE</b></p> <p><b>EMPLOYEE ENGAGEMENT</b></p>
<p><b>3.c.</b> Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</p>	<ul style="list-style-type: none"> <li>• <b>Working Environment Guide</b></li> <li>• <b>Ergonomics Training</b></li> </ul>	<p>OHS software enabling Risk Assessments of any risk that may threaten employee health and safety at the workplace <a href="#">(page 126)</a></p> <p>Within the "Business Continuity" process, a wide variety of scenarios such as earthquake, flood, fire and bad weather and regional simulations were practiced with the participation of all related units, and a good many improvement areas were recognized upon which necessary actions were triggered. <a href="#">(page 127)</a></p>	
<p><b>3.d.</b> Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p>	<ul style="list-style-type: none"> <li>• <b>Compliance with national and international standards in Occupational Health and Safety</b></li> <li>• <b>Healthcare infrastructure expenditures</b></li> <li>• <b>Environmental and Social Loan Policies</b></li> </ul>	<p>Under Social Sustainable Finance Standards, funding for healthcare infrastructure expenditures amounted to approximately TL 2 billion on all segments. <a href="#">(page 154)</a></p> <p>Within the scope of Environmental and Social Loan Policies, social impacts are evaluated and risks are reduced as much as possible. <a href="#">(page 211)</a></p>	



**QUALITY EDUCATION: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL**

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>4.3.</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>		<ul style="list-style-type: none"> <li>Communicating with Violence-Victim Employees training was designed specifically for Talent and Culture Advisors <a href="#">(page 123)</a></li> <li>Number of teachers ÖRAV (Teachers Academy Foundation) reached in 2022: 33,960 (&gt; 280,000 since 2008) <a href="#">(page 157)</a></li> </ul>	
<p><b>4.4.</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>	<ul style="list-style-type: none"> <li>• Teachers Academy Foundation (ÖRAV)</li> </ul>	<ul style="list-style-type: none"> <li>9,760 students and 1,053 teachers were reached in 2022 within the scope of 5 Pebbles: Social and Financial Leadership Program <a href="#">(page 157)</a></li> </ul>	
<p><b>4.5.</b> By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>	<ul style="list-style-type: none"> <li>• 5 Pebbles: Social and Financial Leadership Program</li> </ul>	<ul style="list-style-type: none"> <li>1,939 teachers were reached in 2022 within the scope of Teachers without Distance Webinar Series <a href="#">(page 157)</a></li> </ul>	<p><b>HUMAN RIGHTS</b></p> <p><b>DIVERSITY AND WORK-LIFE BALANCE</b></p>
<p><b>4.7.</b> By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p>	<ul style="list-style-type: none"> <li>• Teachers without Distance Webinar Series</li> <li>• EsitBiz Project</li> <li>• 10 Million AI Project</li> <li>• Türkiye Women Entrepreneur Academy</li> </ul>	<ul style="list-style-type: none"> <li>ÖRAV's "Supporting Social and Emotional Skills in Preschool Education" implemented under EşitBiz Project reached 1,147 teachers, and indirectly 16,770 students in 2022. <a href="#">(page 160)</a></li> </ul>	<p><b>INCLUSIVE GROWTH</b></p> <p><b>EMPLOYEE ENGAGEMENT</b></p>
<p><b>4.a.</b> Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>	<ul style="list-style-type: none"> <li>• Talent Development Activities</li> </ul>	<ul style="list-style-type: none"> <li>43,579 youngsters were reached in 2022 within the scope of 10 Million AI Project. (25,531 of them women) <a href="#">(page 157)</a></li> </ul>	
<p><b>4.c.</b> By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States</p>		<ul style="list-style-type: none"> <li>Türkiye Women Entrepreneur Academy training programs, which helps with the growth capacity of women entrepreneurs, supports their development and has been ongoing for 10 years uninterruptedly, was held online to cover the whole country in order to reach more women entrepreneurs and increase accessibility. The program reached nearly 800 women entrepreneurs in 2022. <a href="#">(page 140)</a></li> </ul>	
		<ul style="list-style-type: none"> <li>Garanti BBVA employees received 6,448 training programs in total in 2022, which ranged from self-awareness to technical training <a href="#">(page 124)</a></li> </ul>	



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

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>5.1.</b> End all forms of discrimination against all women and girls everywhere</p>		<ul style="list-style-type: none"> <li>The amount of TL cash loans provided under financing support to women entrepreneur customers, categorized as a special customer group, exceeded TL 14 billion by the end of 2022 in all segments combined. <a href="#">(page 140)</a></li> </ul>	
<p><b>5.5.</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Women Entrepreneurs Program</li> <li>• Bloomberg Gender Equality Index</li> <li>• Board Diversity Policy</li> </ul>	<ul style="list-style-type: none"> <li>Total applications to Türkiye's Woman Entrepreneur Competition that helps to encourage women entrepreneurs and unveil role models approached 42 thousand last year that marked the organization's 15<sup>th</sup> year. Applications received for 2022 competition outnumbered 1,800. <a href="#">(page 140)</a></li> <li>800 women were reached by the Türkiye Women Entrepreneur Academy in 2022. <a href="#">(page 140)</a></li> </ul>	<p><b>HUMAN RIGHTS</b></p> <p><b>DIVERSITY AND WORK-LIFE BALANCE</b></p> <p><b>INCLUSIVE GROWTH</b></p>
<p><b>5.b.</b> Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p>	<ul style="list-style-type: none"> <li>• Gender Loan Equal</li> <li>• Opportunity Model implementation</li> </ul>	<ul style="list-style-type: none"> <li>As per its mission to penetrate new markets, Garanti BBVA has become the main sponsor of the "Trade of Women" platform led by KAGİDER (Women Entrepreneurs Association of Türkiye) to strengthen cooperation of women entrepreneurs with one another and with entities and to seize new opportunities. The Platform will facilitate women entrepreneurs' cooperation with relevant entities that will support their participation in procurements and tenders. <a href="#">(page 140)</a></li> </ul>	<p><b>EMPLOYEE ENGAGEMENT</b></p>
<p><b>5.c.</b> Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>	<ul style="list-style-type: none"> <li>• Women's Empowerment Principles (WEPs)</li> <li>• Equal Pay Policy</li> <li>• Cooperation with KAGİDER</li> <li>• Environmental and Social Loan Policies</li> </ul>	<ul style="list-style-type: none"> <li>A cooperation agreement was signed with the UN Women in 2016. <a href="#">(page 122)</a></li> <li>In 2022, we remained the only bank from Türkiye to be included for seven consecutive years in the Bloomberg Gender Equality Index, increasing our score to 89.06 owing to the steps taken to establish the inclusive working culture and innovations in flexible working environment. <a href="#">(page 123)</a></li> <li>Within the scope of Environmental and Social Loan Policies, social impacts are evaluated and risks are reduced as much as possible. <a href="#">(page 148)</a></li> </ul>	

6 CLEAN WATER AND SANITATION: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>6.1.</b> By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p><b>6.3.</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p><b>6.6.</b> By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p>	<ul style="list-style-type: none"> <li>• Blue Breath Project</li> <li>• Business for Plastic Initiative</li> <li>• Basic Level Zero Waste Certificate</li> <li>• Water efficiency projects</li> <li>• Environmental and Social Loan Policies</li> </ul>	<p>Within the scope of the Blue Breath (Mavi Nefes) project which is carried out in cooperation with Turkish Marine Environment Protection Association/ TURMEPA, sea sweepers collected approximately 109 tonnes of solid waste, which were sent for recycling, since September 2021. The waste collected by sea sweeps corresponds to the waste produced by almost 96 thousand people daily. <a href="#">(page 156)</a></p> <p>Declared commitment for 318.6 tonnes of plastic reduction and avoidance by 2023 under our Business Plastic Initiative pledge. <a href="#">(page 152)</a></p> <p>In 2022, the Bank earned the basic level Zero Waste Certificate for its Zincirlikuyu Head Office and Pendik Campus facilities issued by the Ministry of Environment Urbanization and Climate Change. <a href="#">(page 152)</a></p> <p>Funding provided to water efficiency projects surpassed TL 30 million in 2022. <a href="#">(page 154)</a></p>	CLIMATE CHANGE

7 AFFORDABLE AND CLEAN ENERGY: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>7.1.</b> By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p><b>7.2.</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>7.3.</b> By 2030, double the global rate of improvement in energy efficiency</p> <p><b>7.a.</b> By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <p><b>7.b.</b> By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Eco-efficiency Plan</li> <li>• Climate Change Action Plan</li> <li>• Coal Phase-Out Plan</li> <li>• Sustainable products linked to renewable energy and energy efficiency</li> <li>• ISO 14001 Environmental Management System</li> </ul>	<p>Loans disbursed under Green Mortgage in 2022: TL 214 million. <a href="#">(page 154)</a></p> <p>Commitment not to finance new investments in coal plants and mines and to zero coal-related risks in the portfolio by 2040 at the latest. <a href="#">(page 146)</a></p> <p>Commitment to direct at least 60% of the total resources to new energy generation investments to renewable investments with the Climate Change Action Plan. <a href="#">(page 146)</a></p> <p>The market share of installed power of WPPs and SPPs, where the Bank is involved in financing, is 25% and 24%, respectively. <a href="#">(page 150)</a></p> <p>Since the introduction of the ISO 14001 Environmental Management System in 2012, the Bank's carbon intensity decreased by 97%. <a href="#">(page 152)</a></p> <p>Garanti BBVA Eco-efficiency Plan: Target to fulfill at least 80% of the annual energy consumption from renewables and to reduce energy consumption per square meter and per employee each year between 2021-2025. <a href="#">(page 152)</a></p> <p>Remote Eye System achieved 22% savings in electricity consumption compared to 2019. <a href="#">(page 152)</a></p> <p>The Bank's climate finance contribution, which was verified by a third party independent audit, amounted to TL 10.8 billion. <a href="#">(page 154)</a></p>	CLIMATE CHANGE

8 DECENT WORK AND ECONOMIC GROWTH: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>8.3.</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p><b>8.4.</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p><b>8.5.</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p><b>8.7.</b> Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p><b>8.8.</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p><b>8.10.</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p><b>8.b.</b> By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Partners Accelerator Program</li> <li>• Employee Support Hotline</li> <li>• Working Environment Guide</li> <li>• Ergonomics Training</li> <li>• Compliance with national and international standards in Occupational Health and Safety</li> <li>• Equal Opportunity Model implementation</li> <li>• Women's Empowerment Principles (WEPs)</li> <li>• Equal Pay Policy</li> <li>• Target to increase % of women on Board to 25%</li> <li>• Environmental and Social Loan Policies</li> </ul>	<p>Contributing to the sustainability of early startups of any scale and sector, the SMEs and growing ventures, Garanti BBVA Partners Accelerator Program hosted 6 new ventures in 2022. Total amount of investments granted to startups included in the Program reached TL 63 million. <a href="#">(page 140)</a></p> <p>OHS team of 45 Occupational Physicians, OHS Experts and Occupational Nurses. <a href="#">(page 126)</a></p> <p>OHS software enabling Risk Assessments of any risk that may threaten employee health and safety at the workplace. <a href="#">(page 126)</a></p> <p>In 2022, Garanti BBVA carried on with the psychological support via the "Employee Support Hotline" in keeping with the emphasis it places on employees' psychological wellbeing. <a href="#">(page 127)</a></p> <p>Various emergency scenarios such as earthquake, flood, fire and extreme weather were experienced within the scope of Business Continuity process. Improvement areas were identified, for which necessary actions were taken. <a href="#">(page 127)</a></p> <p>Within the scope of Environmental and Social Loan Policies, social impacts are evaluated and risks are reduced as much as possible. <a href="#">(page 148)</a></p> <p>In line with the diversity target of the Board of Directors, it is aimed that female managers will represent 25% of the Board of Directors by the end of 2025. <a href="#">(page 173)</a></p> <p>As per its mission to penetrate new markets, Garanti BBVA has become the main sponsor of the "Trade of Women" platform led by KAGIDER (Women Entrepreneurs Association of Türkiye) to strengthen cooperation of women entrepreneurs with one another and with entities and to seize new opportunities. The Platform will facilitate women entrepreneurs' cooperation with relevant entities that will support their participation in procurements and tenders. <a href="#">(page 140)</a></p> <p>A cooperation agreement was signed with the UN Women in 2016. <a href="#">(page 122)</a></p>	<p>HUMAN RIGHTS</p> <p>INCLUSIVE GROWTH</p> <p>EMPLOYEE ENGAGEMENT</p>

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>9.1.</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>		<p>Leader with more than 13 million digital customers; 86% of total sales go through digital channels <a href="#">(page 22)</a></p>	<p><b>INCLUSIVE GROWTH</b></p> <p><b>DIGITAL TRANSFORMATION AND EMPOWERMENT</b></p> <p><b>FINANCIAL HEALTH AND ADVISORY</b></p>
<p><b>9.2.</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p>		<p>Contributing to the sustainability of early startups of any scale and sector, the SMEs and growing ventures, Garanti BBVA Partners Accelerator Program hosted 6 new ventures in 2022. Total amount of investments granted to startups included in the Program reached TL 63 million. <a href="#">(page 140)</a></p>	
<p><b>9.3.</b> Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>	<ul style="list-style-type: none"> <li>• Garanti BBVA Partners Accelerator Program</li> </ul>	<p>Salt Research comprises a library, an extensive archive, and digital contents; makes publications and archival documents located within its structure available to researchers free of charge. In Salt Archive, nearly 2,000,000 documents and resources are available online for the use of researchers Within the scope of Salt Research Funds, a total of 68 research-oriented projects have received support since 2013. Number of supported projects in 2022: 6 <a href="#">(page 158)</a></p>	
<p><b>9.4.</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<ul style="list-style-type: none"> <li>• Digital Solutions for Corporate Customers</li> <li>• Salt</li> </ul>	<p>The Bank's climate finance contribution, which was verified by a third party independent audit, amounted to TL 10.8 billion. <a href="#">(page 154)</a></p>	
<p><b>9.5.</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>	<ul style="list-style-type: none"> <li>• Clean transportation and renewable energy investments</li> </ul>	<p>In 2022, the Bank introduced its new sustainability-themed support package developed for supporting its customers, mainly the SMEs, that will be impacted by the European Green Deal and Carbon Border Adjustment Mechanism in their exports to EU in reducing their GHG emissions. <a href="#">(page 151)</a></p>	
<p><b>9.b.</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities</p>			

10 REDUCED INEQUALITIES: REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>10.1.</b> By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>		<p>We have been running the EsitBiz Project since the beginning of 2022 in order to contribute to change by raising awareness on gender equality. In cooperation with Equality Matters, an initiative of the Mother Child Education Foundation (in Turkish: ACEV), we are aiming to raise awareness of employees. In 2022, 12,168 Garanti BBVA employees completed Equality Awareness Training <a href="#">(page 160)</a></p>	<p><b>HUMAN RIGHTS</b></p> <p><b>EMPLOYEE ENGAGEMENT</b></p>
<p><b>10.2.</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<ul style="list-style-type: none"> <li>• Equal Opportunity</li> <li>• Model implementation</li> <li>• Women's Empowerment Principles (WEPs)</li> <li>• Equal Pay Policy</li> </ul>	<p>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). <a href="#">(page 123)</a></p>	
<p><b>10.3.</b> 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</p>	<ul style="list-style-type: none"> <li>• Environmental and Social Loan Policies</li> <li>• Gender Loan</li> <li>• Garanti BBVA Code of Conduct</li> </ul>	<p>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. <a href="#">(page 123)</a></p>	
<p><b>10.4.</b> Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>	<ul style="list-style-type: none"> <li>• Recording, BlindLook and KAGİDER partnerships</li> <li>• Whistleblowing Channel</li> <li>• Integrity Committee</li> </ul>	<p>With the Gender Loan it has launched as the world's first in 2019, it keeps helping the business world contribute to gender equality. <a href="#">(page 154)</a></p>	
<p><b>10.6</b> Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions</p>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• EsitBiz Project</li> </ul>	<p>With the recording, priority is given to rural women who are negatively affected economically and sociologically by the climate crisis in the production of seed balls, thus creating a sustainable income source for them and we fight the global climate crisis altogether. <a href="#">(page 139)</a></p>	
		<p>Through our partnership with BlindLook, we enable financial inclusion of tens of thousands of visually-impaired individuals <a href="#">(page 136)</a></p> <p>Through our projects co-conducted with KAGİDER, we are empowering women entrepreneurial ecosystem <a href="#">(page 140)</a></p> <p>Under Environment and Social Loan Policies, working conditions, OHS, inequalities, and vulnerable groups are considered within the social impact assessment process <a href="#">(page 148)</a></p>	

11 SUSTAINABLE CITIES AND COMMUNITIES

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

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>11.3.</b> By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>	<ul style="list-style-type: none"> <li>• LEED Certified Buildings</li> </ul>	<p>The only bank in Türkiye holding LEED Platinum Certificate <a href="#">(page 152)</a></p>	<p>CLIMATE CHANGE</p>
<p><b>11.4.</b> Strengthen efforts to protect and safeguard the world's cultural and natural heritage</p>	<ul style="list-style-type: none"> <li>• Plastic reduction and avoidance pledge</li> <li>• ISO 14001 Environmental Management System</li> </ul>	<p>Disbursements under the Green Mortgage product launched in 2017 to encourage living in green, environment-friendly buildings totaled TL 214 million in 2022. <a href="#">(page 154)</a></p>	
<p><b>11.4.1.</b> Total per capita expenditure on the preservation, protection and conservation of all cultural and natural heritage, by source of funding (public, private), type of heritage (cultural, natural) and level of government (national, regional, and local/municipal)</p>	<ul style="list-style-type: none"> <li>• Basic Level Zero Waste Certificate</li> <li>• Green Mortgage Loans</li> </ul>	<p>Under Environment and Social Loan Policies, environmental and social impacts are evaluated and risks are mitigated to the extent possible <a href="#">(page 148)</a></p>	
<p><b>11.6.</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<ul style="list-style-type: none"> <li>• Environmental and Social Loan Policies</li> <li>• Salt</li> </ul>	<p>Salt carries out various programs including exhibitions, film screenings, performances, concerts, conferences and workshops on a wide variety of topics.</p> <p>Salt has hosted more than 3 million visitors in its buildings in Galata and Beyoğlu. <a href="#">(page 158)</a></p>	
<p><b>11.c.</b> Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials</p>	<ul style="list-style-type: none"> <li>• Festival sponsor of Istanbul Jazz Festival for 24 years</li> <li>• Supporter of National Men's and Women's Basketball Teams and Wheelchair Basketball Men's and Women's National Teams</li> </ul>	<p>The Bank has been extending uninterrupted support to Istanbul Jazz Festival as the festival sponsor since 1997. <a href="#">(page 158)</a></p> <p>Garanti BBVA is the main sponsor of 12 Giant Men, Pixies of the Court, 12 Brave Hearts and 12 Magical Wrists basketball teams <a href="#">(page 159)</a></p>	

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

RESPONSIBLE CONSUMPTION & PRODUCTION: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>12.2.</b> By 2030, achieve the sustainable management and efficient use of natural resources</p>			<p>CLIMATE CHANGE</p>
<p><b>12.4.</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<ul style="list-style-type: none"> <li>• Coal Phase-out Policy</li> <li>• Environmental and Social Loan Policies</li> </ul>	<p>Commitment not to finance new investments in coal plants and mines and to zero coal-related risks in the portfolio by 2040 at the latest <a href="#">(page 146)</a></p>	
<p><b>12.5.</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> <li>• ISO 14001 Environmental Management System</li> </ul>	<p>Within the scope of Environmental and Social Loan Policies, social impacts are evaluated and risks are reduced as much as possible <a href="#">(page 160)</a></p>	
<p><b>12.6.</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> <li>• Sustainable Financial Transactions</li> <li>• Direct Environmental Impact Mitigation Efforts</li> </ul>	<p>Volume of sustainable finance products offered for investments and acquisitions in the areas of waste management, recycling and circular economy implementations exceeded TL 3.9 billion in 2022. <a href="#">(page 154)</a></p>	
<p><b>12.8.</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<ul style="list-style-type: none"> <li>• Global EcoEfficiency Plan</li> <li>• Integrated Annual Report</li> <li>• Garanti BBVA Climate Index</li> </ul>	<p>Under our partnership with eCording, we are shooting seed balls primarily to hard-to-reach areas for various ecological causes facilitated by Garanti BBVA mobile. <a href="#">(page 139)</a></p>	
<p><b>12.c.</b> Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities</p>	<ul style="list-style-type: none"> <li>• eCording and BlindLook Kagider partnerships</li> </ul>	<p>Through our partnership with BlindLook, we enable financial inclusion of tens of thousands of visually-impaired individuals <a href="#">(page 136)</a></p>	

13 CLIMATE ACTION			
CLIMATE ACTION: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>13.1.</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> <li>• Türkiye's Life: Fire Management Grant Program</li> <li>• Blue Breath Project</li> <li>• Garanti BBVA 2025 Pledge</li> <li>• Environmental and Social Loan Policies</li> <li>• PACTA Methodology</li> <li>• Coal Phase-out Policy</li> <li>• Climate Change Action Plan</li> <li>• EU Pillar-III reporting</li> <li>• Garanti BBVA Eco-efficiency Plan</li> <li>• ISO 14001 Environmental Management System</li> <li>• eording partnership</li> </ul>	<ul style="list-style-type: none"> <li>In collaboration with WWF-Türkiye, we initiated the "Türkiye's Life: Fire Management Grant Program" in June 2022. (page 155)</li> <li>Under the Blue Breath Project, more than 1,500 teachers and over 30,000 students were reached in 146 schools in Kocaeli, Bursa, İstanbul, Çanakkale and Tekirdağ since September 2021. (page 156)</li> <li>Under our partnership with eording, we are shooting seed balls primarily to hard-to-reach areas for various ecological causes facilitated by Garanti BBVA mobile (page 139)</li> <li>Total contribution to Sustainable Development: TL 88 billion (page 146)</li> <li>Target of providing cumulative TL 150 billion sustainable financing between 2018-2025. (page 153)</li> <li>Green transformation and capacity growth support to commercial and SME customers with the Sustainability Themed Loan Package (page 154)</li> <li>Guiding targets employing the PACTA methodology in the transition process for carbon-intensive sectors (page 146)</li> <li>Alignment with the EU Pillar-III reporting and analyses of the Bank portfolio's exposure to physical risks of climate change and natural disasters (page 147)</li> <li>10 sponsorships and 3 events organized focusing on the fight against Climate Crisis and regulatory compliance</li> <li>Pledge to not finance new investments in coal-fired power plants and coal mines and to zero the coal exposure of its portfolio by 2040 at the latest (page 146)</li> <li>Pledge to allocate a minimum of 60% of the total funds allocated to greenfield energy generation facilities to renewable investments under its Climate Change Action Plan (page 146)</li> <li>Under ESLP, customers are assigned emissions reduction targets for combating climate change, and are encouraged to employ feasible alternative technologies. (page 148)</li> <li>Since the introduction of the ISO 14001 Environmental Management System in 2012, the Bank's carbon intensity decreased by 97% (page 152)</li> <li>Garanti BBVA Eco-efficiency Plan: Target to fulfill at least 80% of the annual energy consumption from renewables and to reduce GHG emissions each year between 2021-2025 (page 152)</li> </ul>	CLIMATE CHANGE
<p><b>13.2.</b> Integrate climate change measures into national policies, strategies and planning</p>			
<p><b>13.3.</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>			
<p><b>13.a.</b> Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p>			

14 LIFE BELOW WATER			
LIFE BELOW WATER: CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>14.1.</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>	<ul style="list-style-type: none"> <li>• Blue Breath Project</li> <li>• Environmental and Social Loan Policies</li> </ul>	<ul style="list-style-type: none"> <li>Sea sweepers collected approximately 109 tonnes of solid waste, which later got recycled, since September 2021. The sea sweeper, which operated for 4 months in Antalya-Adrasan enabled 19,192,032 liters of sea water remained clean. (page 156)</li> <li>Within the scope of Environmental and Social Loan Policies, social impacts are evaluated and risks are reduced as much as possible. (page 148)</li> </ul>	CLIMATE CHANGE
<p><b>14.2.</b> By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans</p>			
15 LIFE ON LAND			
LIFE ON LAND: PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS			
DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
<p><b>15.1.</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p>	<ul style="list-style-type: none"> <li>• Türkiye's Life: Fire Management Grant Program</li> <li>• Environmental and Social Loan Policies</li> <li>• eording partnership</li> </ul>	<ul style="list-style-type: none"> <li>In cooperation with WWF-Türkiye, we initiated "Türkiye's Life: Fire Management Grant Program" in June 2022. (page 155)</li> <li>Forestation commitments are being obtained within the scope of ESLP Deforestation Impact Management Process (page 155)</li> <li>Under our partnership with eording, we are shooting seed balls primarily to hard-to-reach areas for various ecological causes facilitated by Garanti BBVA mobile (page 139)</li> </ul>	CLIMATE CHANGE
<p><b>15.2.</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>			
<p><b>15.a.</b> Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p>			

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

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

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
 <p><b>16.4.</b> By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime</p>	<ul style="list-style-type: none"> <li>• TCR and Reputation Training</li> <li>• Environmental and Social Loan Policies</li> </ul>		
 <p><b>16.5.</b> Substantially reduce corruption and bribery in all their forms</p>	<ul style="list-style-type: none"> <li>• Defense Industry Specific Guidelines</li> <li>• Garanti BBVA Code of Conduct</li> <li>• Whistleblowing Channel</li> </ul>	<ul style="list-style-type: none"> <li>☐ Communicating with Violence-Victim Employees training was designed specifically for Talent and Culture Advisors (page 123)</li> <li>☐ Under Environmental and Social Loan Policies, it is assessed whether certain activities and products associated with the defense industry violate corporate standards and principles. (page 148)</li> </ul>	<p><b>CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS</b></p> <p><b>HUMAN RIGHTS</b></p>
 <p><b>16.6.</b> Develop effective, accountable and transparent institutions at all levels</p>	<ul style="list-style-type: none"> <li>• HR Internal Control Mechanism</li> <li>• Integrity Committee</li> </ul>		
 <p><b>16.7.</b> Ensure responsive, inclusive, participatory and representative decisionmaking at all levels</p>	<ul style="list-style-type: none"> <li>• Audit Committee</li> </ul>		

**17** PARTNERSHIPS FOR THE GOALS

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

DESCRIPTION	GARANTI BBVA ACTION	STATUS	RELATED MATERIAL ISSUES
 <p><b>17.7.</b> Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed</p>	<ul style="list-style-type: none"> <li>• Sustainability Themed Sectoral Working Groups</li> <li>• TUSIAD Working Group</li> <li>• UNEP FI Impact Tool</li> <li>• Net Zero Banking Alliance</li> <li>• Environmental and Social Loan Policies</li> <li>• Sustainable Finance</li> <li>• eRecording, BlindLook, KAGİDER, WWF-Türkiye, TURMEPA, ÖRAV partnerships</li> <li>• Sponsorships in sports, culture and arts</li> </ul>	<ul style="list-style-type: none"> <li>☐ Presidency of TÜSİAD's (Turkish Industry and Business Association) Sustainable Finance Sub-Working Group (page 151)</li> <li>☐ Impact analysis of the Bank's portfolio employing UNEP FI Impact Tool (page 145)</li> <li>☐ Involvement in the decarbonization of the banking industry with Net Zero Banking Alliance, Science-Based Targets Initiative pledges (page 147)</li> <li>☐ Sustainability-themed sectoral working groups we are part of: 52 (page 151)</li> <li>☐ Contribution is lent to customers and financial institutions to improve their environmental and social performances through briefings on environmental and social issues. (page 149)</li> <li>☐ Videos dealing with the value we create through our partnerships with eRecording, BlindLook and KAGİDER can be found in the "Customer Experience" section.</li> <li>☐ Videos regarding the value we create through our partnerships with TURMEPA, WWF-Türkiye and ÖRAV can be found in the "Sustainability and Community Investments" section.</li> <li>☐ Videos that deal with the value we create through our sponsorships in the areas of sport, culture and arts can be found in the "Sustainability and Community Investments" section.</li> </ul>	<p><b>CLIMATE CHANGE</b></p>
 <p><b>17.14.</b> Enhance policy coherence for sustainable development</p>			
 <p><b>17.17.</b> Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>			
 <p><b>17.19.</b> By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries</p>			

# Stakeholder Engagement

## CUSTOMERS

Issue	What does Garanti BBVA do about it?	Related Section	Relevant Material Topic
Expectation for secure customer experience against increased and evolving cyber threats and responsible AI use	<ul style="list-style-type: none"> <li>Garanti BBVA Cybersecurity Center</li> <li>Information Security Committee reporting to the Board of Directors</li> <li>Tools for ensuring and deploying data security were developed and infrastructure projects aimed at increasing the reliability of infrastructure were carried on.</li> </ul>	Data and Technology	<b>CYBERSECURITY</b>  <b>RESPONSIBLE USE OF DATA</b>  <b>DIGITAL TRANSFORMATION AND EMPOWERMENT</b>  <b>INCLUSIVE GROWTH</b>  <b>FINANCIAL HEALTH AND ADVISORY</b>  <b>ETHICAL BEHAVIOR, CULTURE AND CLIENT PROTECTION</b>  <b>HUMAN RIGHTS</b>
The need for provision of services giving underbanked population, particularly individuals with disabilities and underprivileged population, greater access to financial services	<ul style="list-style-type: none"> <li>Partnership with Blindlook</li> <li>Accessible Banking Services</li> <li>Women Entrepreneur support program and Garanti BBVA Accelerator Program that support the startup ecosystem within the frame of Inclusive Growth</li> <li>Working to increase the financial literacy of individuals and their participation in the banking system for inclusive growth</li> </ul>	Customer Experience	
The need for supporting customers to build on their financial planning skills to help them be prepared against contingencies and plan their future	<ul style="list-style-type: none"> <li>"My Ecological Status" section on mobile banking launched in keeping with the focus on financial health</li> <li>Financial Advisory for our SME customers</li> <li>Smarter, customizable solutions for customers using AI, machine learning and big data applications</li> </ul>	Customer Experience Data and Technology	
Regularly seek customer opinions and improve services based on an approach aligned with business ethics and protecting customers against risks	<ul style="list-style-type: none"> <li>Net TCR (Transparent, Clear and Responsible Banking) Score and Net Promoter Score (NPS) measurement (In NPS: ranked 1st in SME Banking, Commercial Banking, Bonus Flas; 2nd in Retail Banking)</li> <li>Perform root cause analyses for customer complaints; taking corrective and improvement actions (16 actions in 2022)</li> </ul>	Customer Experience	
Develop consumer products that will support customers' transition to a low-carbon economy	<ul style="list-style-type: none"> <li>Over 50 sustainable finance products covering all our Retail, SME, Commercial, Corporate segments</li> </ul>	Sustainability and Community Investments	
Reach customers through any channel they need	<ul style="list-style-type: none"> <li>Digital onboarding experience</li> <li>Open Banking</li> <li>&gt;500 functions set on Garanti BBVA Mobile banking</li> <li>Uninterrupted service 7 days a week via Live Support line</li> <li>The first customer satisfaction channel offering service 24/7 on social networks: "Garanti BBVA'ya Sor" (Ask Garanti BBVA)</li> <li>Türkiye's first AI-based smart assistant: UGI</li> <li>Campaigns, card information and cardless payment solutions with BonusFlas</li> </ul>	Customer Experience	

## EMPLOYEES

Issue	What does Garanti BBVA do about it?	Related Section	Relevant Material Topic
Build on our employees' knowledge and skills about Personal Data Protection Law through awareness activities	<ul style="list-style-type: none"> <li>Data Sharing Committee reporting to the Board of Directors</li> <li>Awareness programs for customer privacy and information security</li> <li>Training or briefings concerning external fraud</li> <li>Cybersecurity training per FTE</li> </ul>	Data and Technology	<b>CYBERSECURITY</b>  <b>RESPONSIBLE USE OF DATA</b>  <b>COMMITMENT TO EMPLOYEES</b>  <b>DIVERSITY AND WORK-LIFE BALANCE</b>  <b>HUMAN RIGHTS</b>
Cybersecurity investments attuning remote access infrastructures with current needs and security principles, secure teleworking for employees	<ul style="list-style-type: none"> <li>Centralized Operations</li> <li>Business Processes Management (BPM), Process Mining, Intelligent Document Processing (IDP) and Robotic Process Automation (RPA) technologies</li> </ul>	Data and Technology	
Physical and administrative OHS measures in work areas, supporting employee development	<ul style="list-style-type: none"> <li>Hybrid Working Model</li> <li>Working Environment Guide, Employee Support Hotline, Enriched and improved digital learning platform to promote continuous learning culture</li> <li>"Take Good Care of Yourself" Mobile App developed for employee wellness</li> <li>Various scenarios including earthquake, flood, fire and bad weather conditions and regional simulations within the scope of "Business Continuity" process</li> </ul>	Investing in Human Capital	
Raise increased awareness of gender equality among employees	<ul style="list-style-type: none"> <li>A fair and transparent working environment dominated by equal opportunities and diversity</li> <li>Target to increase % of women on Board seats to 25% min.</li> <li>In-house trainings to increase awareness for the Gender Equality</li> </ul>	Investing in Human Capital	

## COMMUNITY (INCLUDING CIVIL SOCIETY ORGANIZATIONS, ASSOCIATIONS AND INTERNATIONAL ORGANIZATIONS)

Issue	What does Garanti BBVA do about it?	Related Section	Relevant Material Topic
<b>Expectation for sharing the know-how and in-depth experience in ESG Management and Sustainable Finance</b>	<ul style="list-style-type: none"> <li>Actively participating in or heading 52 working groups and 29 initiatives</li> <li>Garanti BBVA Climate Index</li> <li>Advisory service in relation to "Green Deal"</li> </ul>	Sustainability and Community Investments	
<b>Expectation for alignment of portfolios with low carbon pathways</b>	<ul style="list-style-type: none"> <li>Decarbonization targets by 2030 for other carbon-intensive industries such as energy, automotive, iron and steel, and cement</li> <li>Target to provide a min. funding of TL 150 billion for the financing of sustainable activities between 2018-2025</li> <li>Principles for Responsible Banking Impact Report</li> <li>Climate Change Action Plan</li> <li>First bank from Türkiye to pledge coal phase-out in 2021</li> <li>Carbon-Neutral Bank as of 2020, 15 years before the targeted date</li> <li>Responsible Banking and Sustainability Committee Environmental and Social Impact Analysis</li> </ul>	Sustainability and Community Investments	CLIMATE CHANGE NATURAL CAPITAL COMMITMENT TO EMPLOYEES INCLUSIVE GROWTH
<b>The need for the development of community investment programs supporting inclusive growth</b>	<ul style="list-style-type: none"> <li>Investment amount in community programs: 71.7 million TL</li> <li>WWF -Türkiye (World Wild Fund for Nature)</li> <li>Turkish Marine Environment Protection Association/ TURMEPA</li> <li>The Teachers Academy Foundation (ÖRAV)</li> <li>Salt</li> <li>Partnerships in the areas of sports and music</li> <li>Partnership with KAGİDER</li> <li>Partnership with Equality Matters</li> </ul>	Sustainability and Community Investments	DIVERSITY AND WORK-LIFE BALANCE HUMAN RIGHTS
<b>Expectation for adherence to Human Rights and having specific reports and targets for diversity and inclusion</b>	<ul style="list-style-type: none"> <li>A fair and transparent working environment dominated by equal opportunities and diversity</li> <li>Target to increase % of women on Board seats to 25% min.</li> <li>In-house trainings to increase awareness for the Gender Equality</li> </ul>	Investing in Human Capital	

## SHAREHOLDERS AND INVESTORS

Issue	What does Garanti BBVA do about it?	Related Section	Relevant Material Topic
<b>Expecting information on the following issues:</b>	<ul style="list-style-type: none"> <li>Addition of content, development and targets within the scope of sustainability and financial health strategic priorities to financial presentations</li> <li>Detailed account of ESG issues and publication of ESG Analysts Database file on the Investor Relations website</li> <li>Regular communication with analysts, investors and fund managers via investor conferences, teleconferences and webinars</li> <li>Webcasts of Financial Results</li> <li>Operating Guidance Plan presentations, comparison of actualizations versus targets</li> <li>Disclosure of risks and opportunities via the Integrated Annual Report</li> <li>"Data and Infrastructure Information Security" and "Application Solutions Information Security" teams and the Information Security Committee reporting to the Board of Directors</li> </ul>	Financial Value Sustainability and Community Investments The Environment We Operate in Data and Technology	CORPORATE GOVERNANCE AND PROPER MANAGEMENT OF RISKS SOLVENCY AND FINANCIAL PERFORMANCE CYBERSECURITY CLIMATE CHANGE
<b>- Macroeconomic projections</b>			
<b>- Impacts of regulatory framework</b>			
<b>- Inflation accounting</b>			
<b>- Expectation for comparable, easily accessible data in Environmental, Social and Governance (ESG) areas</b>			
<b>- Information about an evolving corporate governance structure against cybersecurity threats</b>			

## GOVERNMENT AGENCIES AND REGULATORY AUTHORITIES

Issue	What does Garanti BBVA do about it?	Related Section	Relevant Material Topic
<b>Evaluation of Climate Change-related opportunities and risks by and between banks and regulatory authorities</b>	<ul style="list-style-type: none"> <li>Actively participating in or heading 52 working groups and 29 initiatives</li> <li>Garanti BBVA Climate Index</li> <li>Advisory service in relation to "Green Deal"</li> </ul>		
<b>CBRT Open Banking services</b>	<ul style="list-style-type: none"> <li>"Merge accounts" and "initiate payment" capabilities via Garanti BBVA Mobile and Internet Banking enabled by the Open Banking service that went live by end 2022</li> <li>Access account information at other banks and make money transfers from those accounts from Garanti BBVA platforms</li> <li>Capability to follow up member merchant/POS movements with other banks on the basis of member merchant/POS device on Garanti BBVA Mobile and Internet</li> </ul>	Sustainability and Community Investments Customer Experience	CLIMATE CHANGE NATURAL CAPITAL RESPONSIBLE USE OF DATA
<b>National Artificial Intelligence Strategy (NAIS) of the Presidency of the Republic of Türkiye Digital Transformation Office</b>	<ul style="list-style-type: none"> <li>Support the development of 1,200 participants with 18 internal training programs offered in areas including artificial intelligence, machine learning, deep learning, chatbot, data modelling for employees for propagating data-driven decision making culture</li> <li>Providing education of 70 students in Computational Data Science, which was started to be offered as a credit course at İstanbul Technical University from 2021 with the aim of supporting the society's competence in artificial intelligence and machine learning</li> <li>Responding to over 2 million monthly customer queries on average via Smart Assistants</li> </ul>	Data and Technology	DIGITAL TRANSFORMATION AND EMPOWERMENT

# Value We Created in 2022

- > Financial Value
- > Data and Technology
- > Investments in Human Capital
- > Customer Experience
- > Sustainability and Community Investments



Moving forward is essential for balancing. **Balance and adaptability** are key in reaching the target even under the toughest circumstances.

# Financial Value

Aiming to generate and utilize capital effectively with the principle of real and responsible banking, Garanti BBVA contributes to the growth of the national economy while producing solid and sustainable financial performance with its disciplined growth, dynamically managed balance sheet and strong relationship banking.

MATERIAL TOPIC	2021	2022
Asset Growth (%)	57%	<b>53%</b>
TL Loan Growth (%)	27%	<b>79%</b>
FC Loan Growth (%)	-7%	<b>-10%</b>
NPL Ratio (%)	3.6%	<b>2.6%</b>
Net Cost of Risk <sup>1</sup> (bps)	106	<b>130</b>
NIM including Swap costs (%) <sup>2</sup>	80 bps contraction	<b>516 bps expansion</b>
Net Fees and Commissions Growth (%)	40%	<b>97%</b>
OPEX Growth (%)	28%	<b>81%</b>
Cost/Income Ratio <sup>3</sup> (%)	33.4%	<b>23.6%</b>
Leverage	9.6	<b>7.5</b>
ROAE (%)	19.7%	<b>51.0%</b>
Capital Adequacy Ratio (%) <sup>*</sup>	14.1%	<b>16.8%</b>
CET-1 Ratio (%) <sup>*</sup>	11.5%	<b>14.5%</b>

<sup>1</sup> Net CoR excludes currency impact, as it is 100% hedged, no bottom line impact.

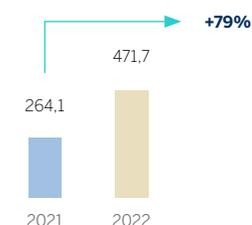
<sup>2</sup> Calculated based on bank only MIS data, using daily averages.

<sup>3</sup> Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals)

<sup>\*</sup>Excluding BRSA forbearance.

## GROWTH

TL Performing Loans (in TL bn)



#1 in TL Lending<sup>1</sup>

TL Customer Deposits (in TL bn)



#1 in TL Customer Deposits<sup>1</sup>

<sup>1</sup> Among private banks, per bank-only financials for fair comparison

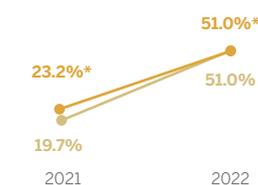
## Loans

While total assets reached TL 1.3trillion in 2022, up 53% year on year, loans continued to be the main driver of growth. Garanti BBVA has the highest share of loans in total assets among private peers, which renders sustainable growth continuous.

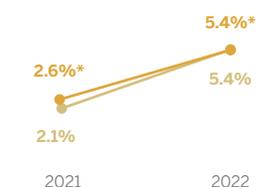
Loan growth was driven by Turkish lira loans. FC loans kept shrinking due to low demand and redemptions.

## PROFITABILITY

ROAE



ROAA



<sup>\*</sup> adj. w/ free provisions

Garanti BBVA is the private bank with the largest TL corporate loan portfolio, including cash and non-cash loans. The Bank's overall loan portfolio of TL 974 billion including cash and non-cash comprises of credit support extended to the real sector by 77% and to individual customers by 23%.

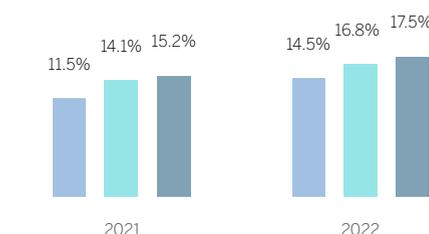
While the growth in TL loans of 79% year over year was driven by TL business loans, we strengthened our leadership position in general purpose loans and credit cards.

## STRENGTH

CAR & CET1

(excl. forbearances)

■ CET1 ■ CAR ■ CAR inc. free prov.

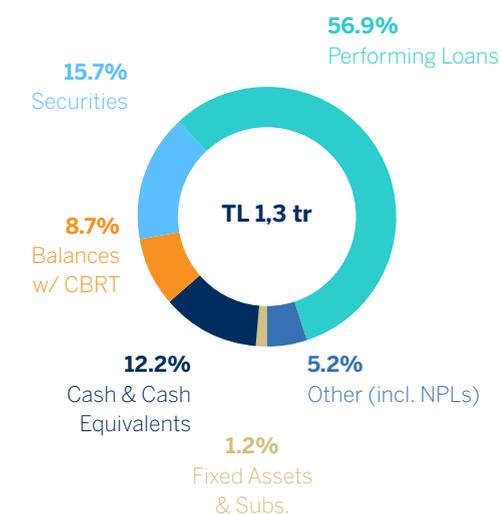


Total Free Provisions on B/S

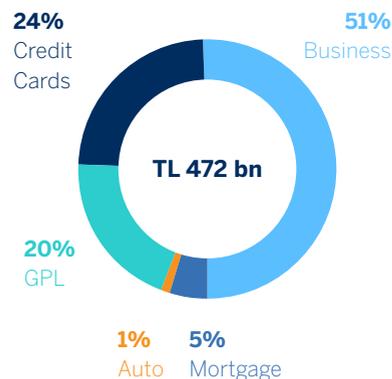
**TL 8,0 bn**

**USD 5,0 bn** FC external debt  
vs.  
**USD 10,0 bn** FC liquidity buffer

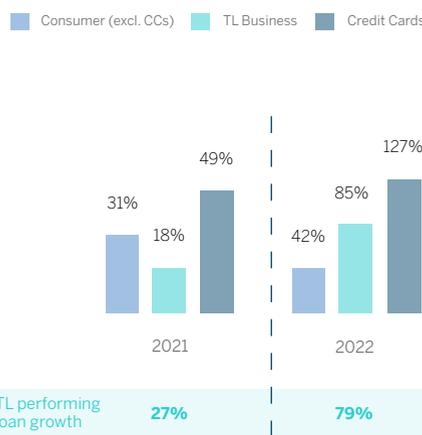
## Asset Breakdown



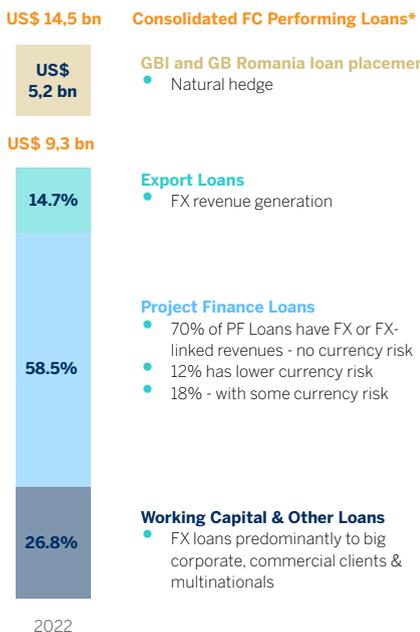
**TL Performing Loan Breakdown**  
(64% of total performing loans)



**TL Performing Loan Growth**



**FC Performing Loans**  
(36% of total performing loans)



\* Excludes leasing and factoring receivables

**Market Share**  
(among private comm'l banks)

	2021	2022
TL loans	19,2%	19,7%
TL Business	17,5%	18,4%
SME loans	17,7%	20,5% <sup>1</sup>
Consumer (excl. CCs)	21,0%	19,9%
Consumer GPL	18,5%	18,7%
Credit Cards	21,6%	22,9%

<sup>1</sup> Per BRSA defined SME loans

**Mitigation of FX Risk - Timely deleveraging**  
(in \$ bn)



<sup>1</sup> Based on BRSA weekly data, commercial banks

**2022 Operating Plan Guidance \***

**Actualization**

TL Loan growth: >50%	<b>79%</b> • Growth in corporate and consumer loans outperformed the expectations due to strong economic activity.
FC Loan growth: Shrinkage	<b>-10%</b> • In line with the expectations, shrinkage resulted from low demand and redeemed loans.

\* Based on the revised plan disclosed on 28 July 2022. With better than expected performance and economic activity in the first half of the year, revisions were made in 2022 Operating Plan Guidance as disclosed on 28 July 2022. The said disclosure is available on the Public Disclosure Platform, KAP.

**Securities**

Securities share in total assets is 15.7%. TL securities make up 63% of the total securities portfolio. Securities linked to CPI (CPI-linkers) have the highest share within the TL securities portfolio. CPI-linkers help us hedge our balance sheet against high inflation.

Regulations caused a rise in fixed-rate securities portfolio in the second quarter of 2022.

**Deposits**

Deposits are the main source of funding and have a share of 70% in total assets. The key factor that differentiates the Bank from its peers in funding is the high demand deposit base at its disposal. Demand deposits account for 48% of total deposits and this high ratio reflects the fact that customers prefer Garanti BBVA as their primary bank in their transactions.

While Garanti BBVA's TL deposit growth in 2022 was registered as 138% due to the regulatory framework announced and liraization strategy during the year, FC deposits decreased by 16%. The share of FC-protected deposits volume in TL time deposits stood at 55% at the end of the year.

(2022 Operating Plan Guidance does not include a target regarding the deposits base performance)

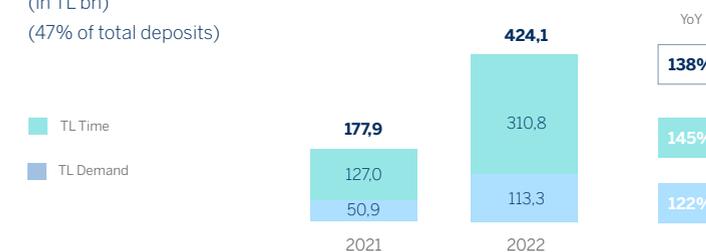
**Securities**  
(TL, US \$ billion)



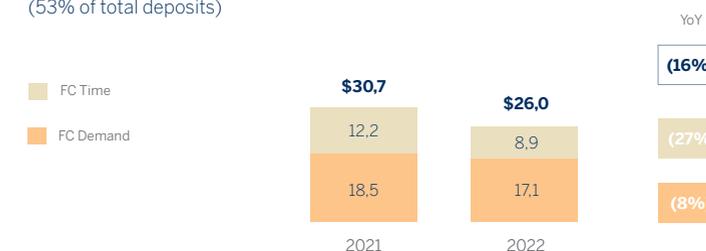
Information on the regulations can be found on page 51.

(2022 Operating Plan Guidance does not include a target regarding the securities portfolio performance)

**TL Customer Deposits**  
(in TL bn)  
(47% of total deposits)



**FC Customer Deposits**  
(in US\$ bn)  
(53% of total deposits)

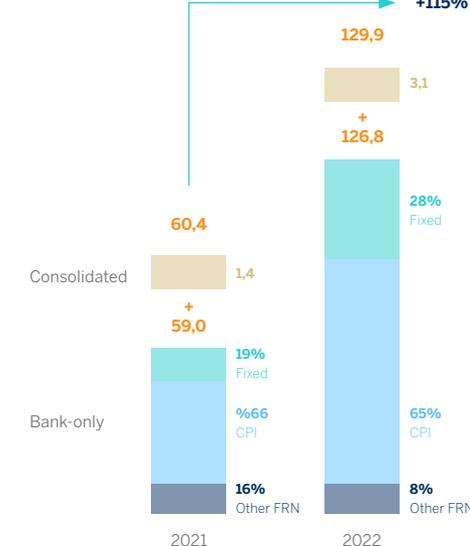


**STRONG ZERO-COST DEMAND DEPOSIT BASE**

**48%**

Cust. demand deposits share in total

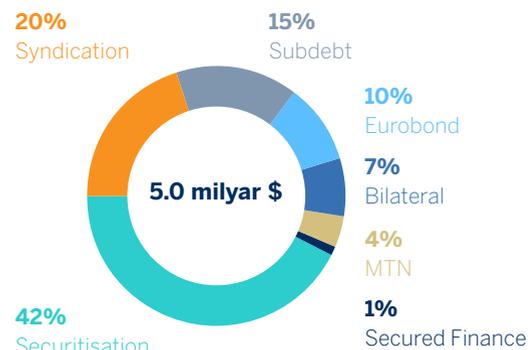
**TL Securities**  
(TL Billion)



**External Borrowing**

In line with the shrinkage in FC loan portfolio since 2013, Garanti BBVA's, need for external borrowing has also decreased significantly. External debt stock decreased from USD 6.9 billion to USD 5.0 billion in 2022. Whereas, FX liquidity buffer level stood at USD 10.0 billion. In terms of the maturity profile of foreign borrowing, borrowings with a maturity of 1 year and shorter amount merely to USD 2 billion.

**Wholesale Funding Breakdown**



- 100% of the new issuances\* in 2021 & 2022 are ESG-linked
- ESG-linked funding makes up ~26% of total wholesale funding

\* Excludes secured finance transactions and MTN issuance.

(2022 Operating Plan Guidance does not include a target regarding the evolution of external borrowing)

**Net Interest Margin**

Garanti BBVA reached record high levels in Net Interest Margin (NIM), the Bank's main differentiating item. This strong performance was enabled by CPI-linkers' yields as well as loan to deposit spread.

Strong growth pushed up TL loans in the first half of 2022. However, the restrictive rules imposed on TL corporate loan rates

in August (regulatory framework page 51) triggered a downward move in TL loan yields from the start of the third quarter.

On the other hand, while FC-protected deposits helped the Bank manage deposit costs, the regulatory rules imposed in relation to the share of TL deposits within total deposits put pressure on deposit costs. The increase

in deposit costs became more visible particularly toward the end of the year. Therefore, TL loan to deposit spread that expanded in the first half of the year narrowed down in the last quarter. However, the strong first half enabled an above-target rise for the full year.

**2022 Operating Plan Guidance\***

**Core NIM: + 175bps**

(including swap costs and excluding CPI-linkers)

**NIM: + >400bps**

(including swap costs and CPI-linkers)

**Actualization**

**+ 195bps**

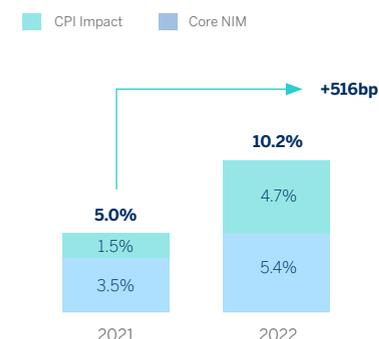
Main reasons of outperformance despite regulatory effects:

- High quality and healthy TL loan growth
- Disciplined pricing and diversified funding structure
- Expanding customer base
- Solid capital base allowing profitable growth

**+ 516bps**

- Due to the high core net interest margin and the appreciation of the CPI portfolio with the annual October inflation rate of 85%, a gross profit of TL 33 billion was recorded from the CPI linkers portfolio, which significantly supported the increase in the net interest margin.

**NIM Incl. Swap Cost\***



\* Calculated based on bank only MIS data, using daily averages.

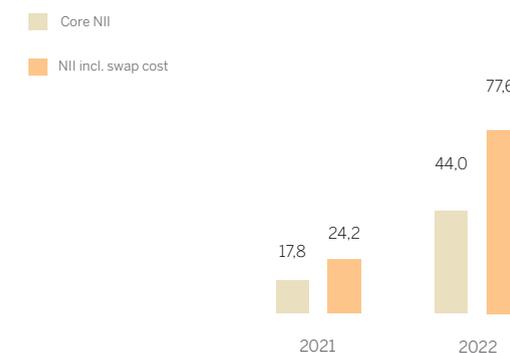
**Net Fees and Commissions**

In 2022, the Bank once again proved its leadership in Net Fees and Commissions registering an annual growth of 97%. The solid performance in payment systems, loan and transaction volumes act as the main driver of the Bank's performance in Net Fees and Commissions. The top ranks Garanti BBVA controls in money transfers, issuing and acquiring volume demonstrate that it is preferred as the primary bank by customers.

**2022 Operating Plan Guidance\***

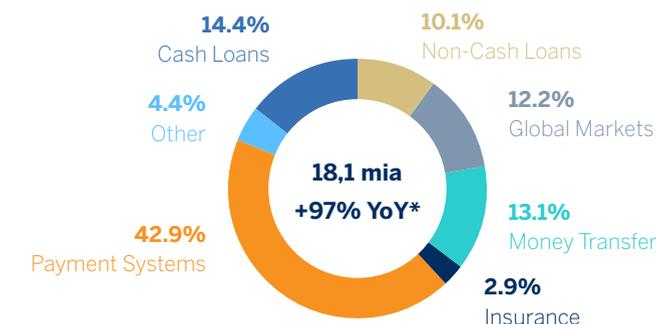
Net Fees and Commissions Growth (YoY): **>60%**

**NET Interest income (incl. Swap cost) and Core NII (TL billion)**



Core NII= NII + Swap Cost – CPI linkers income.

**NET F&C Breakdown<sup>1</sup>**



<sup>1</sup> Net Fees&Comm. breakdown is based on Consolidated Financials. Garanti Pension premiums are shown under Other Income \* 2021 base excludes LYY related dividend income

**Actualization**

**97%**

Above-projected growth was driven by:

- Cash and non-cash loan commissions backed by strong loan growth and insurance commissions
- Payment systems commissions backed by the leadership in credit cards
- Higher brokerage fees that resulted from the increased number of domestic investors and trading volume on the stock exchange
- Leadership in money transfers supported by digital channels designed with an approach focused on customer experience and offer a seamless service

\* Based on the revised plan disclosed on 28 July 2022. With better than expected performance and economic activity in the first half of the year, revisions were made in 2022 Operating Plan Guidance as disclosed on 28 July 2022. The said disclosure is available on the Public Disclosure Platform, KAP.

**Subsidiary Income**

Garanti BBVA is an integrated financial services group with its financial subsidiaries offering services in life insurance and pension, leasing, factoring, fleet management, brokerage and asset management, along with its international subsidiaries operating in the Netherlands and Romania. Income from subsidiaries in 2022 was up by 78% year on year. Increases were observed in the profitability of all subsidiaries.

- Garanti BBVA Securities ended the year 2022 with a 130% YoY increase in profitability on the back of increasing number of domestic investor in the equity market, public offerings, transaction volume and high trading growth.
- Garanti BBVA Factoring’s profitability increased by 166% YoY with the support of increased volume and strong margin expansion.
- At Garanti BBVA International, higher

lending volume and interest rate hike driven increase in banking revenues resulted in 120% annual growth in profit in EUR terms.

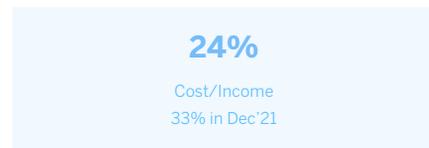
- Garanti BBVA Fleet increased its profit for the period by 95% with the support of rental income and high profitability in the second-hand vehicle

 Detailed information on subsidiaries can be found on page 46.

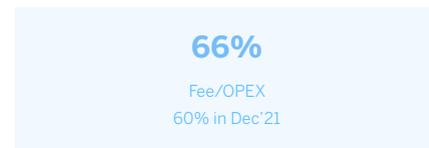
(2022 Operating Plan Guidance did not provide a target regarding the performance of income from subsidiaries.)

**Operating Expenses**

Operating expenses rose by 81%, above annual average inflation. Above-inflation adjustments in employee salaries, premiums to salary customers and pensioners, and the rise in exchange rates resulted in an above-inflation OPEX increase. TL equivalents of FC expenses soared due to the rising exchange rates and currency impact on OPEX growth was registered as 18%. However, the Bank hedges the entirety of the portion affected by the exchange rate, and thus, there is no impact to the bottom-line.



Personnel costs make up 37% of OPEX. The Bank made an inflation adjustment in employee salaries in view of the soaring inflation. Three salary increases made in 2022 brought the annual average increase to 91%, above the average inflation.



63% of OPEX, on the other hand, comprises of other expenses, with the highest items being promotional payments to salary and pension customers and technology investments. The cost-to-income ratio declined from 33.4% in 2021 to 23.6% at year-end 2022, an all-time lowest, due to the solid expansion in revenues.

**2022 Operating Plan Guidance\***

OPEX Growth (YoY):  
**< avg. CPI**

**Actualization**

- 81%**  
8.6% higher than average inflation increase was driven by:
- Above-inflation adjustments made to employee salaries during the year
  - Promotional payments to salary and pension customers
  - Soaring exchange rate 18% effect on growth, but no impact to the bottom line

\* Based on the revised plan disclosed on 28 July 2022. With better than expected performance and economic activity in the first half of the year, revisions were made in 2022 Operating Plan Guidance as disclosed on 28 July 2022. The said disclosure is available on the Public Disclosure Platform, KAP.

**Asset Quality and Loan Provisions**

Garanti BBVA also supervises the health of its loan portfolio as it grows and constantly takes a proactive and prudent approach to risk management. The performing loan book is followed up under Stage 1 and Stage 2. Stage 2 loans are subjected to quantitative (Significant Increase in Credit Risk) or qualitative (Watchlist, Past Due and Restructured) evaluation with TFRS 9 models. In 2022, especially with the currency impact, Stage 2 loans increased to TL 107 billion, from TL 85 billion in 2021; however, if the 2021 exchange rate level was to be kept constant, Stage 2 loans would have increased by only TL 5 billion. The increase in Stage 2 is all from the Significant Increase in Credit Risk bucket, following an annual IFRS-9 calibration made proactively and prudently. 94% of the Significant Increase in Credit Risk (Quantitative) bucket is not delinquent at all.

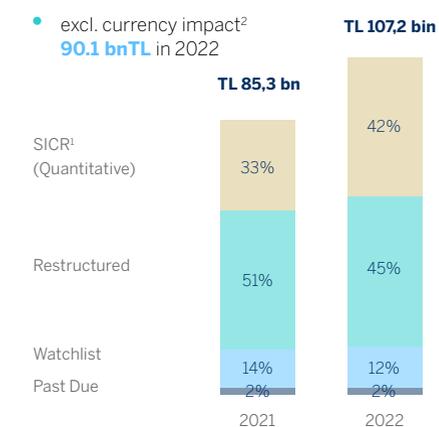
FX sensitivity analyzes are carried out regularly for proactive loan classification

and loan provisions. In the most recent sensitivity analysis, corporate and commercial loan portfolios were examined and it was established that nearly 81% of the companies that were determined to be highly currency sensitive and with poor financials were followed with high coverage levels under Stage 2 or 3. On the other hand, no payment problems were experienced in the 19% Stage 1 loans.

In 2022, non-performing loans ratio decreased to 2.6% from 3.6% in 2021 thanks to limited net inflows in connection with strong collection performance and write-downs.

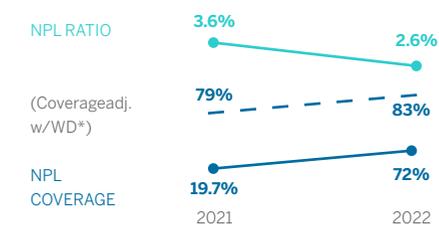
Cumulative net cost of risk (CoR) on the other hand increased in 2022 as compared to 2021 due to provisions set aside with a prudent approach given macroeconomic volatilities. However, cumulative net cost of risk (excluding currency impact) was realized as 130 basis points, in line with the operating plan guidance.

**Stage-2 Breakdown**



<sup>1</sup> SICR: Significant Increase in Credit Risk per our threshold for Probability of Default (PD) changes  
<sup>2</sup> 2021 balance sheet FX rates are taken into account when calculating Stage 2 base for 2022

**NPL Ratio & Coverages (%)**



\* Adjusted with write-downs since 2019.  
NPL Ratio includes leasing and Factoring Receivables

**2022 Operating Plan Guidance\***

Net Cost of Risk (excluding currency impact): **<150bps**

**Actualization**

**130bps**  
Inline with the expectations. In the last quarter of the year, similar to previous years, as a result of the macro model calibration within the scope of IFRS9, the provisions for the Stage 2 loans were increased due to the Bank’s prudent stance. In addition, limited net NPL inflow resulting from strong collection performance kept the rise in the net cost of risk within projections.

### Return on Equity and Capital Adequacy

As a result of all this, Garanti BBVA was able to increase its profit before tax by 94% year on year. Including TL 500 million in free provisions set aside during the year in keeping with its cautious risk policy, the Bank increased total free provisions in the balance sheet to TL 8 billion and booked TL 58 billion 510 million in consolidated profit.

The Bank's return on average equity was realized at 51.0% and return on assets at 5.4%.

#### 2022 Operating Plan Guidance\*

Return on Average Equity:  
**>45%**

### Tax Contribution

In 2022, the Bank set aside total tax provisions of 17 billion 425 million TL, which corresponds to a tax ratio of 24%. 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 and reporting on Garanti BBVA Investor Relations website, Tax Strategy and Reporting heading under the Environmental, Social and Governance tab.

In 2022, the capital adequacy ratio reached 16.8%, up by 2.7% annually, despite the negative impact of the depreciation in the currency, as a result of the capital generative growth strategy. This ratio excludes the forbearance measures adopted by the BRSA during the year. This level is well above the Basel III minimum required level of 12.15% for 2022. According to the legal limits, the Bank has an excess capital of TL 48 billion, excluding the BRSA forbearance measures.

#### Actualization

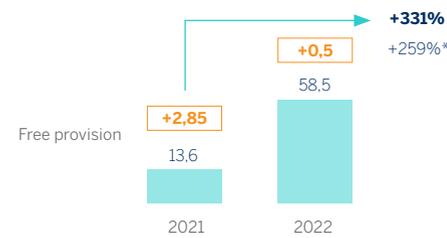
##### 51.0%

Despite the negative effects of regulations, return on equity was higher than projected owing to the solid rise in commissions, revenues on CPI-linkers portfolio and growing contribution from subsidiaries.

### 2023 Outlook and Operating Plan Guidance

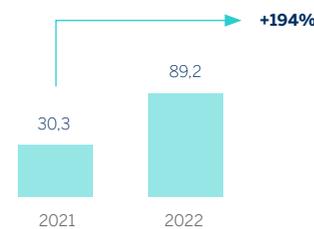
As per Article 10 of the CMB Communiqué no. II-15.1 on Material Events Disclosure, the Bank disclosed its forward looking estimations covering

#### Net Income (TL bn)



\*adj. w/free provision

#### Pre-Provision Income (TL bn)



2023 outlook on 01 February 2023.

The said disclosure can be found hereinbelow, on the Public Disclosure Platform (KAP) and under the Operating Plan Guidance tab on the Garanti BBVA Investor Relations website.

TL Loan Growth (YoY)	~avg. CPI
FC Loan Growth (in USD, YoY)	Flattish
Net Cost of Risk (excl. currency impact)	~100bps
Core NIM (Incl. swap excl. CPI)	~185bps
Net Fees & Commissions Growth (YoY)	>avg. CPI
Operational Expenses Growth (YoY)	~100%
ROAE	>%28

In line with the expected deceleration in the economy TL loan growth for 2023 is projected to be around average inflation. The growth is expected to be across the board, while TL business loan growth may slightly lag behind the consumer loan growth as per the regulations. 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.

FC loans deleveraging has been ongoing since 2013, due to limited demand and redemptions. For 2023 the FC loan base is expected to remain flattish.

Garanti BBVA intends to sustain its deposit-driven funding strategy in 2023. 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.

Given the Bank's already high provision coverages, it is expected net CoR excluding currency to improve to around 100 basis points.

In 2023, cumulative core NIM is expected to contract around 185 basis points, given the increase trend of TL deposit costs and price cap TL commercial loans. The Bank will keep dynamically managing its spreads through its effective assets and liabilities management with diligent pricing and diversified funding.

Given the Bank's strength in diversified fee sources and leadership in transaction activity, net fees and commissions are expected to register a growth above average inflation. Increasing digitalization will keep contributing to the growth of money transfer transaction volume.

Operating expenses are expected increase by around 100%, given the low base of 2022 and rollover effect due to the salary increases done in 2022.

In 2023, 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 2023 projections, Garanti BBVA aims to achieve an ROAE above 28% in 2023.

2023 outlook for Garanti BBVA affiliates can be found on page 46 of the Report.

# Data and Technology

We are working to offer personalized and accurate solutions and increase operational efficiency through integration of artificial intelligence, big data and machine learning in our systems. We are increasing the agility and strength of our technological infrastructure.

RELATED INDICATORS	2021	2022
Awareness programs on customer privacy and information security	17	<b>20</b>
Cybersecurity training hours per FTE	70.9%	<b>86%</b>
Training or information provided on external fraud (Number)	108	<b>128</b>
Number of UGI Smart Assistant Interactions	26,4 million	<b>53,3 million</b>
Number of queries answered by Bilge (The Wise) and Kobilge (for SMEs) Employee Chatbots	484 thousand	<b>550 thousand</b>
Value-added projects using Big Data and Machine Learning	62	<b>77</b>
Number of Customer Behavior scenarios analyzed on Complex Event Handling Platform	104	<b>121</b>
Number of RPAs in Production Medium	42	<b>120</b>
Number of Annual Transactions Going Through Internet and Mobile Banking Channels	780 million	<b>1,1 billion</b>
Number of Garanti BBVA Log-ins	2,7 billion	<b>3,7 billion</b>
Number of Cardless Transactions Going Through Garanti BBVA ATMs	82 billion	<b>119 million</b>
Market share in QR transactions	36%	<b>37%</b>
Digital channel share in non-cash transactions (Individual)	92.2%	<b>97.6%</b>
Share of digital sales in total sales (Individual)	84%	<b>86%</b>
Projects using Data Science Suite	15	<b>30</b>

The advancements in technology and the arrival of new players such as fintechs expose the finance sector to a faster-than-ever transformation. For proactively responding to this transformation, we are taking action quickly. We have redesigned our way of doing business with agile methodologies in order to introduce new products and services swiftly. The Bank is operating more than 400 agile team disciplines, including particularly 100% of the technology organization.

With its uninterrupted investments in technology ongoing since the early 1990s, 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.

We are transforming our way of conducting work and automatizing our processes with Business Process Management (BPM), Process Mining (PM), Intelligent Document Processing (IDP) and Robotic Process Automation (RPA) technologies. With the solutions created, we are building **agile work processes** that render capturing and automatizing development and automation opportunities a part of the life cycle.

With our **Intelligent Document Processing (IDP)** solutions backed by

advanced OCR technologies and artificial intelligence models, we are digitalizing identification documents, contracts, instructions and similar documents and integrating them in our business processes.

For more focused and targeted Information Security, our Information Security Governance team is divided into two main domains, namely **"Data and Infrastructure Information Security"** and **"Application Solutions Information Security"**. This action that will enable deepening in the specialty area provided a more productive working domain in infrastructures and project developments.

Within the scope of Data Security, we positioned our applications developed by various teams under our **"Security Solutions"** team focused on software organized under Corporate Security roof. This allowed satisfaction of life-easing needs of our internal customers and of those we, as Enterprise Security, need in our own business processes from our internal resources within a more consolidated structure.

The opportunities offered by digitalization also make data protection and security issues one of the most important 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.**

Identity and Access Management function that is of an ever-increasing importance was reviewed end-to-end and reorganized as a separate unit composed of broader and more-focused teams. This move separated Access Management, Identity Management and Authorization Operations functions, resulting in their more focused management.

In terms of governance, the Information Security Committee headed by the CEO coordinates all efforts within the Bank to guarantee information security, and monitors policies, procedures, and regulations. For alignment with the new regulation that went into force in 2020, Information Systems Security team operates within an organizational structure whereby it reports its activities directly to the CEO.

**Turkey's first bank to centralize its operations, Garanti BBVA** alleviates the operational load on its branches and head office units, and enhances employee productivity through active use of technology. The Bank ensures superior quality, timely and error-free execution of operational transactions of its millions of customers with **ABACUS**. Garanti BBVA channels **88% of all operational transactions of branches to ABACUS made up of a dynamic team of 1,543 experts. ABACUS handles a total transaction turnover of USD 427 billion.**

## DEVELOPMENTS IN 2022

## Target

**Automatization** and more efficient handling of **operational transactions** with low added-value, **better customer experience** with **minimum errors** and at high speed

## Action Taken

- **Robotic Process Automation (RPA) technology implementation:** As a result of RPA initiatives, nearly 250 processes were identified to date, and the number of processes developed using RPA reached 120 in total.
- 23 new tools were introduced on a single platform for facilitating security controls of the entire Garanti BBVA Group, for automatizing tasks and allowing them to be run on self-serve basis so as to allocate the workforce to more productive areas.
- **ARK Platform:** The ARK Platform allows developers to develop banking and affiliate applications using agile methodology, accelerates value creation thanks to use of modern technologies, and reduces costs owing to the cost advantage of open system technologies. The work related to the platform commenced in 2019, and the first application was taken into production on the platform by mid-2020. In 2022, 94 applications were taken into production, bringing the total number to 158. Through these applications, an additional 8% of transaction load of the existing architecture was transferred to the platform for a total of 20%. 70% of the developer resource was trained with new platform capabilities. In 2023, the transformation will continue to expand, and the platform will gain broader usage.

**Maintain deeper and value-adding relations** with customers, expand the customer base, **increase product/service sales volume** and accelerate customer digitalization

- Looking at 2022 activities in relation to the **Ruler** (CEP-Complex Event Processing) initiative commenced in August 2018, behaviors of Garanti BBVA customers on any channel or in branches can be detected both instantly and on the basis of trails on the system, and the best-fitting action can be taken in real time.
- With its personalized customer journey capabilities, Ruler processes an average of **nine million customer behaviors** daily using 121 scenarios through digital channels and branches, and **enables four million direct customer contacts**.

**Maintaining external fraud risk management activities focused on customer security and experience**

- Data-based and artificial intelligence-supported decision-making processes regarding external fraud cases are carried out to minimize possible bank and customer losses. Data-based and artificial intelligence-supported decision-making processes were strengthened with 4 different analytical models.
- Importance is attached to information sharing among different sectors and institutions for preventing external fraud risks within the ecosystem.
- Channels and methods continue to be increased which are used for informing customers about fraud trends and important considerations.
  - 68 million customer briefs using 10 different methods
  - Gamification Security Test with UGI
  - Instant Customer Alerts on Mobile Banking frontend
- Personnel information and awareness initiatives are carried out. Training or briefing programs on external fraud numbered 128 in 2022 (2021: 108)

Create a structure enabling customers to track data on their multiple accounts and POS devices on a single screen within the scope of **Open Banking**

Within the scope of Open Banking initiatives, retail customers, sole proprietorships and corporate customers are now able to integrate other banks' accounts through mobile and Internet Banking channels. Developments are now finalized which will allow sole proprietorships and enterprise clients to view the POS movements with another bank on the mobile and Internet Banking channels.

Offer **smarter, customizable solutions** faster for clients

**Artificial intelligence, machine learning and big data applications:**

- In 2022, **new machine learning and deep learning models** were integrated into Garanti BBVA systems in 77 projects.
- "Data Science Suite" functions were enriched with the **"No-code/Low-code"** platform development, which brought the number of individuals competent in data science at the Bank to over 100. Value was created through 30 additional projects put into use quickly in 2022 with this application.
- Algorithms, which make predictive modeling that feed business decisions explainable, were integrated.
- Monitoring mechanism was automated to observe time-varying accuracy of the prediction models.
- The adaptive structure that provides automatic self-renewal of prediction models that downslide in time was automated and put into broader use.
- In order to quickly respond to customer needs, software development and production processes were reviewed end-to-end, and their effectiveness was increased and uniformity was secured in code structures. (MLOps)
- **Personalized offers to customers are being enriched** with the introduction of the graph theory and the technologies developing around it in 2022.

To expand data-driven decision-making culture, **1,200 participants were supported in their development through 18 internal training** programs given in areas such as artificial intelligence, machine learning, deep learning, chatbot and data modeling.

**70 students were educated in Computational Data Science**, which was started to be offered as a credit course at İstanbul Technical University from 2021 with the aim of supporting the society's competence in artificial intelligence and machine learning.

Ensure **customer privacy** and **information security**, eliminate external fraud risks

- Work was initiated for reorganizing **Garanti BBVA Cyber Security Center** in view of current threats and technological novelties and for turning it into a structure capable of responding to the future needs now.
- Tools were developed to ensure and expand data security, and infrastructure projects were continued to increase the reliability of the infrastructure.
- Dealing with external fraud holistically within the framework of the principles of customer protection, Garanti BBVA manages frauds for card transactions, account transactions, POS transactions and loan product applications made through all branches and non-branch channels in a customer-centric manner. The Bank examines the risks of external fraud in new products and processes developed by Garanti BBVA, and offers opinions and suggestions

**Sustainability for Firms**

Carbon footprint calculation and sectoral impact analysis can be shown on the Internet channel for sole proprietorships and enterprise clients.

**Live Chat service for the hearing-impaired**

- Garanti BBVA brings its hearing-impaired customers together with the Live Support Assistant easily and quickly with the "Live Support" service offered on Mobile.
- Customers prompting to be put through to the live support assistant are prioritized in the queue.

**Support customers' digital transformation**

- Garanti BBVA Mobile customers who are new to the bank are presented with a welcome screen where they can quickly access their account and card information and frequently performed transactions with the smart assistant UGI.
- The instruction process issued by Private Banking customers by placing a call from the onsite phones in branches is transported to the mobile app.
- Customers can issue the instructions necessitating a wet signature by connecting to their PB CRMs, subject to their availability, using the "secure" mobile channel's video chat function, thus branch visit requirement is minimized.
- Certificate of Acceptance for Export Price that is mandatory for exporter customers can now be produced on digital channels.
- For sole proprietorships and enterprise clients, Discounts, Interbank-Indexed Credit and Installment Commercial Loan products were also made available in 2022 following the SPOT and bank overdraft loans in 2021.

**2023 FOCUS AREAS AND PRIORITIES**

- In 2023, the main focus will be on Data Security and Identity Management. Planning started for programs that will be run in this framework.
- End-to-end improvements will be continued for systems and processes for producing fast solutions to customers.
- "No-code/low-code" platform functions will continue to increase with the addition of Data Science Suite, data preparation and new algorithms.
- Enhanced customer satisfaction and increased operational efficiency are

targeted thanks to faster and higher quality processing of customer instructions using image and text processing capabilities in smart document processing.

- Reinforcement learning techniques are planned to be installed in business decision support systems for enhancing customer experience and personalized offers.
- The power of artificial intelligence and machine learning will be made use of more broadly in our products and services that touch the customers and in the development of differentiating innovative approaches and solutions in our business processes.
- 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 seamless environment to its customers for the fulfillment of 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 and analytical methods and its competent team.

**RISKS AND OPPORTUNITIES****Risk****Responsible use of AI****Our Response**

Responsible AI principles are adopted 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, ethnicity, disability, religion, sexual orientation or political affiliation. Garanti BBVA plans to operate new control mechanisms in artificial intelligence projects to generate unprejudiced and unbiased results.

**Opportunity****New Data Sources****Our Response**

Cooperation will be established for new data sources that will allow us to better understand our customers and thus, to offer better products and services.

**DIY options**

Investments in the "No-code/low-code" platform developments will continue.

**Automatization**

- Software and production processes will continue to be automatized.
- Customers will be offered faster service with the spreading of smart document processing tools.

**Current Technology and Analytical Methods**

- Data classification model was reworked as part of EBA (European Banking Authority) and BRSBA harmonization efforts with respect to fraudulent attempts, and cautions to be adopted for data protection were determined.
- Proactive risk management, personalized customer experience, reinforced technology.

# Investments in Human Capital

We make investments centered around employee development, happiness and well-being, prioritizing formation of the best and most engaged team. We adopt a contemporary working culture fully respectful of human rights, which pursues equal opportunities and diversity.

RELATED INDICATOR	2021	2022	Audited
Number of employees	18,354	<b>18,544</b>	
Employee engagement score*	4.22	<b>4.30</b>	
High performer turnover	3.5%	<b>3.8%</b>	
Bloomberg Gender Equality Index	88.56	<b>89.06</b>	
Programs for employee well-being	11	<b>12</b>	
Digital training/total training hours	41%	<b>46%</b>	
Hours training per FTE	37.8	<b>42.17</b>	
Number of employees that completed gender equality training	6,811	<b>13,363</b>	✓
Women employees/total employees***	58%	<b>58%</b>	✓
Gender pay gap**/***	1.11	<b>1.07</b>	✓
Women ratio in senior/middle level management***	40%	<b>40%</b>	✓
Number of maternity leaves***	489	<b>415</b>	✓
Number of paternity leaves***	382	<b>331</b>	✓
Ratio of women employees returned to work after maternity leave***	88%	<b>96%</b>	✓
Absentee rate	0.02	<b>0.02</b>	✓
Total questions/comments from employees	6,293	<b>9,726</b>	

\* Scores from the annual employee engagement survey conducted by an independent audit firm concurrently at all BBVA countries are evaluated on a scale of 5.

\*\* Median value given, as average metrics is negatively affected by extreme values (i.e., very high/very low).

\*\*\* Garanti BBVA Technology, Garanti BBVA Payment Systems and Garanti BBVA Mortgage employees are not taken into account in the calculation

At Garanti BBVA, Talent and Culture runs contemporary talent programs based on success with a proactive and innovative approach, in collaboration with other units in line with its corporate strategic decisions and goals. At the basis of all the work done, is the aim to **create the best and most engaged team** and to maintain the ideal, **inclusive working culture and environment** built for this team.

The Bank takes the utmost care to provide a physically and mentally healthy working environment for its employees. The Bank takes the necessary within the framework of legal regulations on Occupational Health and Safety (OH&S) and provides training to its employees. In addition to the measures taken and specific training provided to the employees, Garanti BBVA has been executing a **work-life balance** program named Work Life Integration (İYİ) for enhancing employee satisfaction and offering a richer working experience.

## TALENT ACQUISITION AND MANAGEMENT

Garanti BBVA focuses on a talent strategy that prepares, develops and supports its employees for the next step in their career path within the framework of a development model in which talents are discovered in the early stages of their careers, employees' awareness of career options is increased and various development tools are offered. In this

context, the Bank seeks to align Talent Strategies with its fair and happiness-oriented culture that is molded according to employee needs and is nurtured by the organization's values.

Garanti BBVA uses different measurement and evaluation tools and methods, which are based on competencies, are objective and developed for the specific position, in order to place the right person for the right job.

Focused on raising its talents from within, Garanti BBVA gives priority to internal career transitions for all open positions.

Garanti BBVA's performance evaluation system measures the extent to which employees reach their performance targets and to what extent they keep the values alive while reaching these targets. Systematic bonus and performance models are supported by concrete and measurable criteria during the assessment, and seek to ensure fairness among employees. With the performance evaluation and **People Assessment** process organized in line with the strategic priorities of the BBVA Group and Garanti BBVA, goals, values and competencies are evaluated on the basis of objective criteria. Employees' sustainable performances and competency results are used as input for remuneration, career and development.

The technical competencies defined let employees view the degree of technical competencies expected of their roles. Thus, they become aware of what is anticipated of them alongside behavioral competencies, and pursue improvement opportunities accordingly.

Employees benefit from coaching and mentorship initiatives of various contents aligned with their needs (internal coaching, external coaching, women leadership mentorship program, etc.) aimed at increasing their awareness and supporting their technical and behavioral developments. Among our newly appointed leaders who participated in the women's leadership program, **91 individuals actively benefit from the mentoring program, while a total of 178 employees receive coaching.**

## Target

## Talent Acquisition

## Action Taken

- Identifying its management trainees and trainees at Talent Camp and Talent Day career events each year, Garanti BBVA debuted the Audit Day event as part of its assistant auditor recruitment efforts.
- The Bank recruited 114 new graduates (77 management trainees, 22 assistant auditors and 15 sales trainees) in 2022 while admitting 55 young talents to 6-week, 3-month and 6-month hybrid internship programs.

## Announcement of open positions to all group employees throughout the Garanti BBVA Group

- Garanti BBVA launched the Internal Career Portal that covers all emerging vacant positions across the Group companies and is open for use by all employees.

## Strengthen talent development and engagement by increasing international career opportunities

- Within the scope of international career opportunities, Garanti BBVA provides short-term assignments to its employees with an international development program where they can work on a project basis at the BBVA Group. In 2022, within the scope of its international development program, the Bank provided a global experience and development opportunity in Madrid to its talents from the Headquarters, Group Companies and field duty points.

## Employee development

- The new development plan platform was introduced, which lets employees set their development targets, determine development goals and tools for the set targets within a seamless experience over a single platform, and revise them according to their changing development needs via this platform that can be accessed all year long.
- The development plans also provide input for development discussions that employees hold with their managers to support continuous feedback and development culture.
- The new development model training was provided to employees. A global talent week was organized in line with the strategy to promote awareness and adoption of the model.
  - 14 different events carried out during the Talent Week have been instrumental in sharing our implementations one-on-one with more than 500 colleagues. We got together with approximately 1,500 colleagues in visits to 161 branches. Our mobile Talent and Culture app Connect received 2,900 likes.

## EMPLOYEE EXPERIENCE, 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.

## Target

Implement **hybrid working** and ensure compliance with the model to deliver the best employee experience

## Action Taken

- The new working model designed by the Bank, which closely follows the changing dynamics and practices in the working life, takes into account the differing needs and the happiness of our colleagues, making a difference in the sector.
- While continuing to benefit from the flexibility and productivity increase provided by the remote working model, we also combine the advantages of collaboration, social interaction, co-creation and learning from each other that come with working side-by-side.
- In the Headquarters our employees can work 40% of time from the office and 60% remotely. Our colleagues can work remotely from two different addresses or cities in the country, and they can also flexibly choose one of three different hours for their daily working hours on office days.
- Since employees can make office/remote work plans together with their teams and managers, they can manage their workload and work intensity according to their needs and establish work-life balance by making more effective use of the offices.

Enhance employee happiness and engagement

- With our mobile app **İyi Bak Kendine** (Take Good Care of Yourself) designed for employee wellness, 5,700 users actively started benefiting from free dietitian and exercise sessions, personal trainer sessions, psychological, legal and medical advisory, and contents offered by numerous experts on various well-being headings. While **the app helped some employees quit smoking, involve exercise actively in their routines**, it also supported employee satisfaction through the various psychological advisory services available.
- In addition to the contents offered, the app enables interaction between employees and organization of various competitions focused on healthy living.
- To take advantage of the experiences of highly engaged teams and to disseminate different practices across the organization, **"Good Practices"** talks were held.
- "Ekibimle Güçlüyüm"** (Stronger with the Team) program supported by one-on-one coaching was introduced, which is designed to support team leaders in the engagement enhancement journey.
- "Ask/ Share" forum section that allows employees to share their ideas and opinions** was actively used throughout the year. The use of this section increased by 55% compared to the previous year. The messages shared on the forum was 9,726 in 2022.
- We also support our employees who want to take part voluntarily in the social responsibility activities we carry out in parallel with the social issues that the Bank prioritizes. In this scope in 2022, we cooperated with TURMEPA, Turkish Marine Environment Protection Association, which we sponsor, and provided volunteer support to its activities designed to raise awareness of coastal cleaning and waste sorting in Çanakkale and İstanbul provinces and raising awareness in primary school children about the environment and oceans with the Education Buses located in various districts of İstanbul.

Increase internal leadership communication

We launched **"İçimizden Biri"** (One of Us) leadership talks series aimed at helping our senior managers inspire our employees with their private lives and leadership styles. In the talks, we hosted our CEO Recep Baştuğ and executive vice presidents from various business lines.

Increase employer brand recognition and attract new talents

To attract new talents to our organization, we cooperated with Turkey's leading universities and **reached 4,193 students from 126 different universities** in various events in 2022 with the participation of our executives and employees.



Garanti BBVA employees talk about the benefits of the hybrid working model in their business life:

- Work-life balance
- Efficiency
- Reduction of carbon footprint



Scan the QR code to watch the video of hybrid working model told by our employees.

## FAIR AND TRANSPARENT WORKING ENVIRONMENT

At Garanti BBVA, we place a diverse and inclusive working environment at the center of our approach to talent management. We continue to work towards empowering women and help them be in active and decision-making positions in social and economic life.

Garanti BBVA is focused on fulfilling the requirements of, and achieving compliance with, the regulatory framework governing work life in our country, along with international covenants to which Turkey is a party, specifically:

- The UN Universal Declaration of Human Rights, and
- The basic tenets of the International Labor Organization, a specialized

United Nations agency working to promote human rights, social justice and labor rights.

In accordance with Garanti BBVA's Code of Conduct, employees at any level are obliged to conduct their relationships with each other in a way that will not injure the work climate and will not be perceived as harassment, discrimination or mistreatment in or out of the workplace. Garanti BBVA Managers are obliged to take the necessary measures to prevent mistreatment, discrimination or harassment of any type in the workplace and to report suspected cases to the Talent and Culture Department. If, for any reason, this method is not relevant or not the best way for the resolution of the issue, the case is referred to the Whistleblowing Channel. Such complaints are not used against the complainant and are addressed

and resolved with due importance. Necessary administrative sanctions are implemented at the Bank against perpetrators of any kind of mistreatment, discrimination or harassment or actions to cover up such behavior. In keeping with the equal opportunity principle, Garanti BBVA does not discriminate against its employees. The fundamental criterion for choosing, promoting, or reassigning a person for a position is fitness for such position. Garanti BBVA respects the constitutional right regarding unionization and collective agreements. All employees are free with respect to union membership and act of their own free will.

All these steps are guaranteed and followed up within the Bank's Anti-Discrimination and Anti-Harassment Policy.

### Target

Establish a fair and transparent working environment dominated by equal opportunities and diversity

### Action Taken

**Women employees comprise 58%** of all Garanti BBVA 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 is one of the first companies to implement the **Equal Opportunity Model (Fırsat Eşitliği Modeli/FEM)**. In addition, Garanti BBVA, as one of the first signatories of the **United Nations Women's Empowerment Principles (WEPs)**, is the first bank from Turkey to sign these principles.

In 2022, we remained the only bank from Türkiye to be included for **seven consecutive years in the Bloomberg Gender Equality Index**, by increasing our score to 89.06 through the steps taken to establish an inclusive working culture and innovations in flexible working environment.

Besides our social commitments, we strengthen our employees' awareness of equality with gender equality training programs. In this context:

- Under the EşitBiz Gender Equality Project, **"I am Aware of Equality"** GETKurs training was assigned to the entire employee body and 11,000 employees participated in the program. A certain group of colleagues that were believed to make a difference in terms of equality were included in the second module, which is "I am Aware of Equality in Work Life" GETSinif training.
- **"Communication with Employees Exposed to Violence" training was completed** for specifically the Talent and Culture Counselors on the subject of psychological and physical violence.
- Let's Talk episode themed **"Violence Against Women is a Human Rights Violation"** took place in November.
- On another note, **we demonstrate our zero tolerance to the issue with the Domestic Violence Platform** designed exclusively for our employees. We raise awareness among our employees and stand by them with the support mechanisms we provide.

## Women Leadership & Gender Equality Trainings Journey

### 2015

A Gender Equality Committee was established, with male and female representatives from the Executive Vice President level to the manager level.

### 2016

Signed a cooperation agreement with the **United Nations Women's Programme**.

### 2017

Remarkable Women Programme» awareness training with our 20 women leaders at Executive Vice President and Director level

Training design and piloting with United Nations Women's Program for women Regional & Branch Managers & Headquarter Managers

Gender Equality trainings were assigned to the entire bank.

Trainings on Women's Leadership and Gender Equality have been added to the elective training catalog.

The **"Gender Equality Awareness Survey"** questionnaire was made available to a sample group.

### 2018

The piloting of the **"Women Leadership Mentoring"** work with 6 male and female mentors at the level of Executive Vice President started to be carried out within the scope of the Headquarters. *The process continues in 2022 by expanding its scope.*

The **"Gender Equality Guide"** was published. Book summaries on women's leadership was added to the education portal.

### 2019

**"Women Leadership Mentoring"** work was expanded with 24 male and female mentors at the level of Executive Vice President and Regional Manager, and *the process continued in 2022 by expanding the scope.*

**"Unconscious Prejudice: Module 1"** training was made available to the entire bank.

### 2020

The **"Unconscious Prejudice: Module 2"** training is designed to be open to the entire bank. Assigning training to untrained employees continued in 2022.

### 2022

Within the scope of Gender Equality, **"We are Equal (EşitBiz)"** trainings started to be given to relevant target employees. *The process will continue in 2023.*

## LEARNING AND EDUCATION

Garanti BBVA promotes continuous learning culture which fully prepares the employees for the competencies of the present and the future according to their needs. In 2022, Campus Garanti BBVA received 7 awards in total from TEGEP Learning and Development Platform Association and BrandonHall.

### Target

Enrich and upgrade digital education platform aimed at promoting **continuous learning culture**

### Action Taken

In 2022, 145 new digital training packages were added to the portal; including all affiliates, 6,448 GETSımf (webinars) were planned, achieving a total participation number of 85,402. Through gamified training solutions, employees solved a total of 999,343 questions, spent 11,889 hours on apps, and digital training programs accounted for 46% of all training sessions in terms of hours.

The digital learning platform redesigned in 2021 continued to be enriched with new features which enable employees to:

- Store their personal notes on a single portal with the **training-based notes** capability on the campus portal,
- Experience learning at their own pace thanks to **video speed controller**,
- Reach new training suggestions on the portal using the **rule-based smart suggestion system** according to the training programs they completed,
- Reach their Development Advisors at any time using the **Ask Your Development Advisor** feature.

In 2022, the new e-books portal was added to the digital training platform. The portal offers two different e-book platform accesses giving reach to resources in Turkish and English. During the reporting period, 1,208 employees used the libraries.

Give employees place-independent access to the training programs

In September, Campus Garanti BBVA training programs were integrated in Connect, which is the mobile app for Garanti BBVA employees.

**In 2022**, 71% of employees, **willfully selected digital training on the portal**. Upon making the training programs available on the Connect mobile app, i.e. on mobile phones, which was launched in September 2022, **16,574 hours of training were completed on mobile phones**.

Bring employees back to interactive training in the form of face-to-face programs after the pandemic

In 2022, the **number of classroom trainings** was increased and the first sessions of specific programs were held in classroom format. 8,114 employees attended a total of 731 classroom trainings.

Contribute to employees' improving their foreign language skills

GETLingo portal contents continued to be offered to employees with the aim of supporting **English and Spanish language development** of all employees at equal terms and 4,264 employees used the platform.

Allow employees' self-development and enable their strengthening in customer relationships by blending their interests with their jobs so as to equip them with new perspectives and new skills

6,305 employees followed GETKültür training programs of different contents, such as "Tips for a Sustainable Life in the City"; "A New Perspective training for Chess"; and "Rail Routes of the World", and these programs scored a high number of employee feedbacks.

*"A perfect training on nature, recycling and life"*  
(for the Tips for a Sustainable Life in the City training)

*"Thanks to all those who contributed to this training held for deepening in personal interests"*  
(A New Perspective training for Chess)

*"This is truly the best training I have attended in a long time"*  
(for the Mysterious World of the Olive Oil training)

*"Thanks to all those who made such a diverse training program possible"*  
(for Rail Routes in the World training)

5,912 employees took part in 15 Let's Talk live streaming episodes that hosted experts from relevant fields throughout the year.

Support learning from one another and information sharing among employees

With the aim of strengthening the culture of learning from one another within the organization, **"Let's Ask Someone Who Was There!"** event and Part-Time Internal Trainer program designed for passing on the experiences to other employees were organized.

Familiarize each new hire with Garanti BBVA, make them feel a member of Garanti BBVA family from day 1

**The Orientation Program** was renewed in 2022 and the development of each new hire of Garanti BBVA was supported from day 1.

Provide training programs that will bring about improved performance in employees' current jobs and prep them now for the competencies of the future

- 99% of employees participated in functional, upskilling, reskilling, and elective training for supporting cultural transformation, in addition to job-specific existing programs.
- Within the scope of applicable technologies, 110 employees were entitled to receive their certificates under the Enabler Technologies Certificate Program completed in 2022, which includes the digital content of the world's most distinguished universities (Columbia, Wharton, MIT, ELU).

Raise increased awareness of sustainability

- As part of sustainable development upskilling; all employees were supported with digital trainings and elective trainings open for participation throughout the year, whereas the Sustainability team was supported with international academic programs. In 2022, 12,703 employees took part in the trainings designed for awareness raising in the field of sustainability at individual and organizational level.
- 400 employees attended training on our individual habits for a sustainable world on the **"Sustainability Day"** celebrated concurrently in all BBVA countries. The event covered online trainings with expert trainers on reducing carbon footprint, climate change, zero waste and similar themes; surprise activities featuring sustainable products marketplaces organized at the Headquarters buildings; and sea cleaning in cooperation with TURMEPA with the participation of volunteering employees.

Train employees competent in Engineering, Data and Information Security areas

- Data Training programs continued in 2022 in keeping with Garanti BBVA's Data and Technology strategic priority, under which 80 Data Specialists and 71 Data Scientists were trained.
- Technology Development Programs continued also in 2022 with new trainings and topics that are designed and implemented with specific differentiations according to roles and responsibility for employees working in engineering and data fields.
- Apart from the Technology Development Programs that offer role- and task-based professional development trainings, the 12-month GTech Development Certificate Program which includes focused thinking and project development steps and workshops, case studies, mentoring, design, etc., was put into practice. 123 employees participated in this program.
- A total of 1,222 accounts from 7 different platforms were assigned to employees for developing employees' different competencies including, data, technology, cybersecurity, digital transformation, software etc.

**Increase talent acquisition** and train the leaders who will manage employees and teams

- 77 of our newly graduated employees who started as Management Trainee and 15 newly graduated employees who started to work as Sales Trainee successfully completed the MT and ST Training Programs, which includes banking and business life trainings consisting of 2 modules, as well as preparing them for their new duties, sector and business life.
- In 2022, 353 employees participated in the field and head office "Talent Development Programs" that were revised in 2021.
- Leadership Development Programs launched under three different programs in 2021 segmented to match our leaders' years of experience and Leadership Beyond Distances Programs continued in 2022.

## OCCUPATIONAL HEALTH AND SAFETY

With its OHS team of 45 occupational physicians, OHS experts, and occupational nurses, Garanti BBVA carries on with its activities associated with the health and safety of all its stakeholders including employees, contractors, visitors and customers on the basis of international standards (ISO 45001, OSHA, IOSH etc.) as well as the national legislation and best practices. OHS assesses occupational health and safety risks involved with the design, rental or purchasing stages of offices, office furniture, supplies and equipment, IT software/hardware and robotic processes for employees.

Garanti BBVA uses the **OHS software** that has been in use at all its locations since 2013 to record and manage all OHS processes including Risk Assessment for preventing occupational risks in any operation which might affect employee health and safety at the workplace; health monitoring of employees that covers induction and periodic medical examinations, OHS Committee meetings attended by employer and employee representatives and OHS professionals, emergency management including the pandemic, case handling, training and information activities for employees, subcontractor and supplier management, etc. Regular meetings are held and studies are conducted with other units for eliminating the risks

identified by way of risk assessment, periodic field checks, and employee notifications and for taking preventive measures.

The measures adopted against the COVID-19 pandemic that continued to inflict 2022 as well and the experiences acquired provided a critical opportunity for future "epidemic" risk preparedness. Crisis management under uncertainties, resilience test of responsible teams and particularly of those assigned with epidemic management, technological infrastructure developed for epidemic management etc. ensured preparedness against a possible epidemic. On another note, **comprehensive drills led by Business Continuity Teams** specifically

for natural disasters and **particularly earthquakes**, which is a specific risk of our country and is given emphasis in our emergency plans, provided an important opportunity for necessary actions (psychological resilience and earthquake awareness training for emergency teams and their families, earthquake risk assessment of the houses of critical

employees, earthquake emergency kit for employees, etc.) **upon inclusion of the risks identified by Occupational Health and Safety within the project scope.**

Being the first in Türkiye's finance sector to receive the International Safety Award given by the British Safety Council, one of the world's most eminent authorities

in health and safety, for two consecutive years for its implementations in 2020 and 2021 and the recipient of the Best in Country award for the health and safety experience offered in 2021, Garanti BBVA received the International Safety Award once again in 2022, proud to have done so for the third time.

### Target

Ensure business continuity and determine strategies

Protect employee health

### Action Taken

- Intended to help determine a strategy and implement it in our field of activity, Garanti BBVA Occupational Health and Safety Policy has been approved and issued by the Board of Directors in 2022.
- Our OHS procedures were reviewed and Garanti BBVA Emergency Management, Subcontractor and Supplier Procedure was updated for various reasons including regulatory changes, business requirements, and the like. Actions were taken to execute the compulsory drills as per the Emergency Plan.
- Within the "Business Continuity" process, a wide variety of scenarios such as earthquake, flood, fire and bad weather and regional simulations were practiced with the participation of all related units, and a good many improvement areas were recognized upon which necessary actions were triggered.

Due to the dominant Omicron variant that created a surge in COVID-19 cases early in 2022;

- Employees in the high-risk vulnerable group were kept away from the office environment and hence, protected.
- Two critical steps in preventing the spreading of the disease were carried on, namely sustained observation of the social distancing rule in working environments in office spaces, and **regular sanitation** accompanied with continued provision of hygienic products such as masks, disinfectants, gloves, etc. to all employees working on site.
- Employees were provided with equipment (office chairs, monitors, keyboards, etc.) support to make remote working more comfortable and replicate the work setup in offices in our employees' homes as well as **"Ergonomics"** training.

**The Working Environment Guide** was updated in line with the updated pandemic-related procedures of local healthcare authorities and employees were kept informed.

While the health status of employees and their families were followed up using daily inventories, means were provided for regular data analysis of the comprehensive and up-to-date database, which helped take actions proactively for employee health.

Momentum was given to employee health monitoring (tests, inventory applications, hygiene checks, etc.), particularly to legal medical examinations, upon commencement of hybrid working and following the positive changes in the pandemic.

Garanti BBVA, in keeping with the importance it attaches to employees' psychological well-being, sustained the psychological support service offered via the **Employee Support Hotline** in 2022 to help ease the negative effects of the pandemic.

Near miss and workplace accident processes were also improved to build on the learning experience from each incident including near misses, to complete the root cause analyses of incidents to capture improvement opportunities, and to reinforce communication flow during an incident. In 2022, the total number of work-related accidents and incidents at all locations including subcontractors was 129 and 59 respectively. All incidents without exception were examined, and necessary corrective steps were enforced.

## REMUNERATION

As published on the Bank's website, Garanti BBVA established a Compensation Policy for employees, which is prepared in accordance with banking and capital market legislation and approved by the Board of Directors.

The compensation structure consists of fixed income and variable income items. The Remuneration Committee and the Talent and Culture Unit delegated thereby are responsible for reviewing and duly executing the compensation policies.

Garanti BBVA's compensation policy is based on "equal pay for equal work" and "pay for performance" principles. In addition to individual performance, the Bank keeps a close eye on general macroeconomic circumstances, the current inflation rate in Türkiye and the trends in the sector. At the Bank, the salary package is comprised of various components including the monthly salary, annual bonus payments and premium payments, meal vouchers, foreign language payments and other benefits with variations depending on the scope of work and the location of the services.

The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements, and the upper limit of total remuneration to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are submitted for approval and determined at the General Shareholders'

Meeting. As of 31 December 2022, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to TL 181 million 604 thousand. As the public disclosures regarding the remunerations and benefits provided to key managers including board members are governed by the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively. There is an employee stock ownership program for "identified employees", which is described within the Compensation Policy. As at year-end 2022, there are 27 identified employees serving at the Bank. In variable payments made to identified employees, payment is made in cash and by non-cash means (linked to share certificates) in line with the principles in the "Guidelines on Good Compensation Practices in Banks". In payments that rely on non-cash means within the scope of 2022 variable payments of identified employees, Banco Bilbao Vizcaya Argentaria S.A. share will be taken as basis.

The Compensation Policy is posted on [www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com), under the Environmental, Social and Governance > Policies heading.

Members of the Bank's Board of Directors are paid attendance fees. The amount of the attendance fee is determined and approved at the General Shareholders'

Meeting. In addition to the attendance fee paid to the Board members, it has been decided at the Ordinary General Shareholders' Meeting held in 2022 that payments to be made to those Board members who assume a specific position in the Bank and to independent Board members be determined by the Remuneration Committee that has been authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to set a maximum limit of TL 29,000,000 net for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2023.

Furthermore, other financial rights to be provided to the Senior Management consisting of the members of the Board of Directors, the CEO and Executive Vice Presidents are determined by the Remuneration Committee that is established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency (BRSA). Under the provisions of the said Regulation, the Remuneration Committee has determined the manner of payments to Senior Management and the criteria for performance-based payments, by taking into account the European Union regulations and practices. Accordingly, Senior Executives receive performance-based payments in addition to their monthly salaries, which payments are determined by the Remuneration Committee based on objective criteria including

the economic profitability and key performance indicators of the Bank, as well as subjective criteria based on the respective personal performance. The Remuneration Committee ensures that such payments do not negatively affect the Bank's capital adequacy ratio and continuity of the Bank's operations. Part of the performance-based payments are made in installments and spread over future periods.

The compensation system of the Bank is built on job-based remuneration; employees who are employed in similar jobs receive similar compensation. Jobs are evaluated according to objective criteria such as required competency, the risk involved and the number of employees supervised. The Bank's Compensation Policy established within this framework has been approved by the Board of Directors and presented for the information of shareholders at the Ordinary General Shareholders' Meeting. Presently, the policy is available to the public on the Bank's website pursuant to corporate governance principles. The performance evaluation system at Garanti BBVA measures employee performance depending on objectives and the extent of their attainment.

Systematic bonus and performance models are supported by concrete and measurable criteria in the assessment, and serve as major and effective management tools for achieving cost management and efficiency, while ensuring fairness among the employees. In this context, customer satisfaction, service quality and efficient management of human resources are among the basic factors affecting the performance-based remuneration. Garanti BBVA monitors the competitiveness of its salaries through annual survey of salary levels in the sector. Job descriptions, performance criteria and bonus system criteria of all positions in the Bank are announced transparently to all employees via the Intranet.

Our Bank's Compensation Policy has been implemented as approved and it is reviewed periodically. In addition to the compensation policy covering the Bank's entire personnel, the Remuneration Committee continued to implement the policies it has set in relation to remuneration and bonuses to be paid to the members of the Board of Directors who assume administrative roles and to senior executives, which do not rely solely on profit. The Committee reviewed

the same at certain intervals. The policy, which has been developed in line with the local legislation and international practices, continued to be implemented.

Subject to the restrictions imposed by the banking legislation, the Bank may extend loans to Board members and executives. On the other hand, the loans to be disbursed by Garanti BBVA to the members of the Board of Directors and managers are restricted to specific framework by Article 50 of the Banking Law. The Bank does not disburse loans to the members of the Board of Directors and managers outside of the above mentioned framework.

## GENDER PAY GAP

Wage comparison between different categories are given in the chart below in addition to female to male salary ratio (107%). Since each category has differences in terms of role, seniority, number of female and male employees and performance, the wage comparison chart is affected by these variables. The observed differences are due to the factors mentioned, and the category-based results do not represent the wage gap between male and female employees.

	Management Level*	Branch Manager / Mid-level Manager*	Rest of the employees*	Average*
Women/Men 2022	0.87	0.85	1.07	1.07
Women/Men 2021	0.87	0.9	1.05	1.11

Management Level: Directors, Regional Managers, Corporate and Commercial Branch Managers, Managers

Branch Manager/Mid-level Managers: Branch Managers (except Corporate & Commercial branches), Senior Supervisors and Supervisors

Rest of Employees: Associates, Specialists and Specialists assistants, Assistants and Support Staff

\* Median value given, as average metrics is negatively affected by extreme values (i.e., very high/very low). Garanti Technology employees are not taken into account in the calculation

In line with the principle of equal pay for equal work defined in the Bank's Compensation Policy, the Bank commits to protect the right of all employees to be paid in line with the work value of their role.

## RETIREMENT

Retirement is one of the most important rights of employees. As of their first day of work at the Bank, employees automatically become members of "T. Garanti BBVA Bankası A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (Retirement and Social Assistant Fund) established as per the provisional article 20 of the Social Security Law no. 506. For every employee and his or her dependent spouse and children, a health certificate is issued.

## 2023 FOCUS AND PRIORITIES

In 2023, investing for enhancing employee well-being, development, happiness and engagement will remain among our top priorities within our Talent and Culture practices.

### Employee Experience, Employee Engagement and Employer Brand

- We are targeting to design all work spaces with a focus on employee experience and to create settings that promote employees' creativity and collaboration to render productivity and efficiency sustainable in the medium- and long-term as it has been in the short-term with the flexible working model.

- We are creating the ecosystems conducive to development of new cooperations and let employees with different skills and knowledge to learn from one another by creating special office days, strategy meetings, creativity and brainstorming sessions so that teams can make the best of all the times they get together.
- In 2023, an innovative and inclusive new recognition and rewarding system will be launched, which will involve the employees in processes. The system that will reward various achievements, competencies and behavior styles will offer a special experience to employees.
- Within the scope of the Orientation program, employees will be lent support from the right point in any area they may need, resulting in an easier and more productive experience in all orientation processes.
- Physical and emotional well-being of employees will continue to be the top priority. Accordingly, practices will be developed aimed at maintaining work-life balance.
- Our employer brand management activities will be deepened in line with our target of being an employer of choice in other sectors as well as in the banking industry and to attract the top talents.
- With our focused employee groups, we will bring to life our equality and sustainability projects together with our employees.
- In line with our diversity strategy, which is at the center of our talent

management processes, we maintain our goal of providing an inclusive work culture for our employees.

### Talent Management and Acquisition

Increased global demand for talent, diversified global employment opportunities, and evolved employee expectations made it inevitable for organizations to review their talent acquisition and management strategies and to revise them to cater to the needs of the new era. At Garanti BBVA Group, it is our top priority in this respect to offer a solid development experience through platforms and tools that put employees and employee competencies at the heart of the organization and that enhance user experience. To this end:

In the short-term:

- Garanti BBVA will carry on working towards end-to-end digitalization of its talent acquisition processes and enriching candidate experience in 2023. In this context, the new Garanti BBVA External Career Portal will be made available for use by candidates.
- Work will be ongoing with a focus on reaching the right candidate in the shortest time possible and on strengthening candidate experience through renewal of candidate selection tools in the talent acquisition processes.
- New talent acquisition programs differentiated according to talent profiles will continue to be introduced.
- International development programs and career opportunities will continue

to be offered to more employees, and professional development of employees will be supported.

- At this point in time when leadership is becoming more and more important for organizations, we are targeting to create a strong development ecosystem with the vision of strengthening leadership notion within the organization and turning leaders into mentors that employees seek advisory from at any point they may need.

In the medium-term:

- It is intended to deliver a holistic employee experience through increased integration of technical and behavioral competencies that employees developed with development processes.
- It is targeted to introduce developments that will allow employees to proactively manage their careers with respect to their

career goals and interests using technology-driven tools.

In the long-term:

- The future human capital management concept is intended to be designed such that employees will manage all the products and processes they need in line with the self-devised development plans and they will be offered the opportunity to tailor their own career and development journey.

### Learning and Development

With the aim of gradually establishing a self-regulated development culture for employees, 2023 targets include the following:

- Develop sustainable training systems to enrich the learning and development ecosystem,
- Offer a setting that will support employees to undertake more responsibility and initiatives for self-development,

- Increase gamification of the digital training platform,
- Increase learning from one another and personalized learning experiences,
- Improve learning experience by making greater use of employees' training data on technologies such as Artificial Intelligence.

### Occupational Health and Safety

- In view of the events that negatively affected the society in every respect such as the war and economic crisis in 2022, we are targeting to go beyond protecting employees' physical health and treating them in 2023 and to prioritize maximum protection psychologically and socially We are also aiming to adopt a holistic approach with wellbeing applications.
- It is also a priority to closely and more efficiently monitor OHS indicators using Data Analytics and new reporting tools on real-time basis.

## RISKS & OPPORTUNITIES

### Risk

- Evolving employee expectations globally
- Blurred work-life boundaries resulting from new work models

### Increased demand for talent

### Our response

Garanti BBVA turns an ear to employees with regular questionnaires and idea workshops organized to understand employee expectations and increase engagement. The Bank follows up global trends to deliver a better employee experience and targets to constantly enhance employee satisfaction and welfare through various practices.

Increased global demand for talent, diversified global employment opportunities, and evolved employee expectations made it inevitable for organizations to review their talent strategies and to cater to the needs of the new era. At Garanti BBVA Group, it is our top priority in this respect to offer a solid development experience through platforms and tools that put employees and employee competencies at the heart of the organization and that offer enhanced user experience. At this point in time when leadership is becoming more and more important for organizations, we are targeting to create a strong development ecosystem with the vision of strengthening leadership notion within the organization and turning leaders into mentors that employees seek advisory from at any point they may need.

# Customer Experience

We are deepening relationships with our stakeholders by offering **personalized solutions** that cater to customer needs **at the right time, through the right channels**.

RELATED INDICATOR	2021	2022	Audited
Customers	20,4 million	<b>23,2 million</b>	✓
Digital Banking Customers	11 million	<b>13,4 million</b>	✓
Mobile Banking Customers	10.6 million	<b>13 million</b>	✓
Yearly Transactions Performed through Internet and Mobile Banking Channels	780 million	<b>1,1 billion</b>	
Number of Garanti BBVA Logins	2,7 billion	<b>3,7 billion</b>	
% of Active Digital Customers	83%	<b>85%</b>	
Branches	872	<b>838</b>	
ATMs	5,401	<b>5,450</b>	
Number of Cardless Transactions via Garanti BBVA ATMs	82 million	<b>119 million</b>	✓
Market share in QR transactions***	36%	<b>37%</b>	
POS Terminals	700,616	<b>777,497</b>	
Member Merchants	432,143	<b>455,119</b>	
Credit Cards	10,992,736	<b>12,893,009</b>	
Digital transactions in non-cash financial transactions (Retail)	92.2%	<b>97.6%</b>	
Digital sales (share in total sales) (Retail)	84%	<b>86%</b>	
"Smart Transactions" that provide customers with awareness of financial management and facilitates planning and saving.	5	<b>5</b>	
The rate of interaction with the mobile banking "My Status" area, which focuses on financial health*	37%	<b>36%</b>	

RELATED INDICATOR	2021	2022	Audited
Accessible Garanti BBVA ATMs	5,381	<b>5,431</b>	
Products or services modified and developed according to customer feedback	16	<b>16</b>	
Individual Net Promoter Score** (Ranking)	#2	<b>#2</b>	
SME Net Promoter Score** (Ranking)	#1	<b>#1</b>	
Commercial Net Promoter Score*** (Ranking)	-	<b>#1</b>	
Mobile Net Promoter Score**(Ranking)	#1	<b>#1</b>	
Net TCR Score****	62%	<b>61%</b>	
Target customers surveyed	20%	<b>16%</b>	
Feedbacks received	3 million	<b>3,5 million</b>	
Change in customer complaints*****	-27%	<b>3%</b>	✓
Proactive actions against potential situations likely to cause customer dissatisfaction	15	<b>10</b>	
Number of Contacts handled by the Customer Contact Center (CCC) (million)	60.6	<b>65,3</b>	
CCC Service Level	84.6%	<b>82.3%</b>	
CCC Call Response Rate	98.9%	<b>98.7%</b>	
CCC Financial Product Range (units)	27	<b>32</b>	

\*Financial Health engagement rate, customers who visited the mobile banking "My Status" area; the metric represents the ratio of mobile customers interacting with tips display, spending limit setting, saving target opening and Smart Transactions areas to customers with active log-in.

\*\*Net Promoter Score study was conducted by independent research firm Ipsos for Garanti BBVA. Competitors are İşbank, Akbank, Yapı Kredi Bank and QNB Finansbank. The research was conducted in the period of January-December 2022 with the customers who described the relevant bank as their parent bank and contacted their bank in the last 3 months, using online panel and telephone techniques, with quota sampling method. The research conducted by telephone techniques was based on the Garanti BBVA customer list. The Mobile Banking Net Promoter Score study was conducted by the independent research firm Ipsos for Garanti BBVA. Competitors are İşbank, Akbank, Yapı Kredi Bank and QNB Finansbank. The research was conducted in the period of October-November 2022, with customers who described the relevant bank as their main or second bank, through the online panel.

\*\*\*The Commercial Net Promoter Score study was conducted by the independent research firm Ipsos for Garanti BBVA. Competitors are İşbank, Akbank, Yapı Kredi Bank, Ziraat Bank, Vakıfbank and Halkbank. The research was conducted in the period of July-December 2022 with past customers who described the relevant bank as their main or second bank, using telephone techniques, based on the Garanti BBVA customer list.

\*\*\*\* Net TCR (Transparent, Clear and Responsible Banking) Score measures how complete and clear the customers regard the information provided by the bank. It is calculated like Net Promoter Score.

\*\*\*\*\*Represents the change in the number of complaints per 1,000 active customers.

Guided in its actions by its value “Customer comes first”, Garanti BBVA takes a customer-driven approach when shaping its products and services. Underlining the Bank’s customer-centric approach, this value identifies empathizing with the customer as the top priority of employees, describes the necessity to disclose all kinds of information when responding to customer needs within the frame of responsible business principles, and calls for a result-oriented approach.

Garanti BBVA’s consistent performance in customer experience relies on four key competencies that it embraced in the execution of its strategy:

- customer understanding capacity further strengthened by technological means,
- ability to be wherever the customer may be thanks effective channel usage and design,
- empathetic culture espoused by each member of the organization, and
- advanced measurement systems allowing constant control of processes and services rendered.

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 being their **trusted partner**.

At the end of 2022, we exceeded 23 million customers in total; more importantly, we had a record rise in the number of customers in the reporting year with an annual increase of 2,8 million. Main contributors to this result include smart, right and timely solutions that meet customer needs alongside the omni-channel seamless service quality. Regular surveys are conducted to measure customer expectations fulfillment performance and to identify improvement areas. 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.

Having achieved a Net TCR Score of 61% in 2022, Garanti BBVA had the second highest NPS among retail customers representing its own profile and the highest one among SME and Commercial customers, in both cases compared to its competition, according to the results of the Net Promoter Score research conducted with Retail, SME, Commercial and Mobile customers.

## 2022 Highlights

### CUSTOMER CONTACT CENTER

Ranked **first** in the **“Best Digital Solution”** category at the Turkey Call Center Awards organized by IMI Conferences as part of the 18th Turkey Call Center Days, Garanti BBVA Customer Contact Center continues to offer services focused on first-contact resolution by instantly and correctly analyzing customer needs in keeping with its commitment to deliver high quality and consistent service to customers.

#### Target

Fast and seamless service experience with the Customer Contact Center

#### Action Taken

- Garanti BBVA Customer Contact Center handled **65,3 million customer contacts** in total in 2022 by its **qualified team of 1,069 agents** and ended the year once again as the **sector’s leader** with **13.7% share of total calls** in the sector.
- Offering customers fast and seamless experience with a call response rate of **98.7%** in main service lines, Garanti BBVA Customer Contact Center captured a **high service level** by servicing **82.3%** of its customers in and under **30 seconds**.
- Predicting the transactions of callers thanks to the **Artificial Intelligence Project**, the Customer Contact Center expanded the project to cover all agents and reached **85%** in accurate prediction ratio.
- With the improvements in the Interactive Voice Response (IVR) System in 2022, the Center **increased its productivity** and also continued to deliver **easy-to-reach service** to customers. By punching in the **“Turkish ID Number or the PIN for any active card”**, customers were instantly and **easily** directed to the point they wished to receive service for.
- Efficient informative recordings on the IVR served to redirect **10%** of customers to digital channels which they actively used.
- Delivered by the Customer Contact Center, the “Live Support” communication channel featured within Garanti BBVA Mobile started offering service **7 days a week**.
- 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**.

### CUSTOMER COMPLAINTS

#### Target

Reduce and resolve customer complaints

#### Action Taken

- Regular root cause analyses of customer complaints were used for corrective and improvement actions. 16 actions were taken in 2022, which helped preclude 3% of situations giving rise to customer dissatisfaction. Furthermore, thanks to 10 proactive actions taken, potential situations likely to cause customer dissatisfaction were also prevented.
- Monthly average complaints were up by 19% in 2022 as compared to 2021. Despite the said increase, the rise in the number of complaints per 1,000 customers was registered as 3%, which is well below the said average. The main reason behind the increase was the fact that some customers who were unable to reach our unit previously are now able to do so thanks to a rearrangement in our customer complaint handling processes.

## DIGITAL EXPERIENCE AND TRANSFORMATION

Garanti BBVA enriches the products and services delivered through digital channels with **financial advisory** and suggestions. 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**.

Since the banking business requires an intensive set of functions, it becomes more and more important to balance it with an effortless, simple user experience. Garanti BBVA puts emphasis on creating unrivalled user experience through thorough analysis of data, and identifies any deficiencies by way of regular usability surveys, thus ensuring sustainability of the perfect experience.

Making utmost use of the technological conveniences, Garanti BBVA focuses on a service model in which Mobile is the first point of contact with customers where all solutions can be offered. Garanti BBVA is working to **position Mobile as the first point of contact for fulfillment of any need** with solutions such as AI-based smart assistant Ugi, receiving live support by exchanging written messages with customer representatives when necessary, and connecting to the customer representative and even the branch contact with video call at any point customers seek assistance.

Introduced in 2021, **end-to-end digital onboarding** provides individuals wishing to become Garanti BBVA customers the chance to do so all year round from wherever they may be.

This development continued to significantly support **digitalization**

and increase **financial inclusiveness** throughout 2022.

- Garanti BBVA has the largest **digital and mobile customer base** among private banks. The Bank services 13,4 million active digital customers, 10,6 million of which are mobile-only users.
- Number of yearly transactions performed on Internet and Mobile Banking channels reached 1,1 billion, up by 41% year on year.
- With its set of 500+ functions, Garanti BBVA Mobile facilitates transacting for customers independent from time and location. The Bank controls 20% market share in mobile financial transactions as of 2022 year end. The number of monthly Garanti BBVA Mobile logins continues to increase on a monthly basis. The number of logins reached 3,7 billion in total in 2022, up by 37%.

Facilitate customers' digital transformation

- Remote onboarding experience is offered not just to retail customers, but also to sole proprietorship customers.
- End-to-end digital application flow for enterprise clients and sole proprietorships having physical workplaces was also designed for legal entities; hence, legal entities can now acquire POS devices using end-to-end digital application flow via Garanti BBVA Mobile Banking in addition to Garanti BBVA Internet.
- With Open Banking service that eliminates limits in banking and introduced at the end of 2022 as an important turning point in digital transformation, "merge accounts" and "initiate payment" features were made available on Garanti BBVA Mobile and Internet Banking.
- Being among the first practitioners of open banking service, Garanti BBVA digital customers captured the opportunity to access their account data with other banks and to make money transfers therefrom via Garanti BBVA platforms.
- Within the scope of open banking, the Bank's POS customers are able to view member merchant/POS movements with other banks and the amounts to be received in their accounts on the basis of member merchant/POS on Garanti BBVA Mobile and Internet banking. Customers can access accounting data using the POS service and get all transaction summaries. This feature allows time-saving, more efficient management of their cash flows, and effortless tracking of their finances on a single screen.
- The transaction set available on mobile banking channel was expanded: Çocuklara Dijital BES (DigiPPS for Kids), Complementary Health Insurance, Foreign Currency Protected TL Time Deposit, Foreign Currency Protected FC/ Gold Converted TL Time Deposit accounts, SWIFT Go service, commercial card application, and many other new products and services were offered to customers via Garanti BBVA Mobile.
- Another tool backing digital transformation is commercial lending through digital channels. For sole proprietorships and enterprise clients, Discounts, Interbank-Indexed Credit and Installment Commercial Loan products were also made available on digital channels in 2022 following the SPOT and bank overdraft loans made available in 2021. Another project of the Bank supporting digital transformation for enterprise customers is the production of the Certificate of Acceptance for Export Price that is mandatory for exporter customers on digital channels. This allowed generation of these certificates of our sole proprietorship and enterprise customers in singular or multiple copies on Internet banking, automated sales and transfer of the legally required minimum amount to the CBRT and viewing the certificates on digital channels.
- The set of transactions enterprise customers can perform digitally was expanded. On the sustainability front, sole proprietorship and enterprise customers are now able to calculate their carbon footprint and show the sectoral impact analysis on the Internet banking channel. Under other new capabilities, incoming SWIFT data can be tracked in SWIFT GPI, and POS contracts and Salary Paying Institution Description and Revision forms can be approved on Mobile and Internet channels within the frame of digital approval.

### Target

Contribute to physical and financial freedom of customers with disabilities with Accessible Banking Services

### Action Taken

- The Bank continued to make life easier for its customers by doubling the **time allowed for punching** in the numbers on the IVR system, and connecting hearing-impaired clients to the Live Support Assistant **effortlessly** and **quickly** within the scope of **"Live Support"** service, the written communication channel available on Garanti BBVA Mobile.
- Under the partnership established with **BlindLook**, Garanti BBVA enables visually impaired customers to freely perform their transactions with the help of voice instructions through Garanti BBVA Mobile and Internet banking. Visually impaired customers can easily perform many transactions including account opening, money transfers and bill payments with the help of voice instructions without needing anyone else's help. By virtue of this collaboration, Garanti BBVA remained a part of BlindLook's EyeBrand (in Turkish: Görme Engelsiz Marka) network.
- Delighted that more than 10 thousand employees completed the web-based sign language training developed to provide better service to customers with disabilities, Garanti BBVA increased the number of its ATMs accessible by visually impaired individuals from 5,156 to 5,431 and ATMs accessible by individuals with orthopedic disabilities from 225 to 243 in 2022.
- Under its collaboration with Engelsiz Ceviri, Garanti BBVA started posting sign language and spoken versions of its banking agreements



Sadriye Görece was selected as Turkey's Female Social Entrepreneur in the 14<sup>th</sup> of Turkey's Women Entrepreneurs competition for her startup BlindLook and with our partnership with the company, we offer voice guidance for our visually impaired customers on the Garanti BBVA Mobile application and internet banking.



Scan the QR code to watch the video of BlindLook co-founder Sadriye Görece.

Enhance customer experience by utilizing the conveniences offered by new generation technology

Türkiye's first AI-based smart assistant that was launched in 2016, Ugi had more than 53 million interactions with 5,1 million customers in 2022. 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 29% in 2022.

As developments continue in a bid to position Garanti BBVA Mobile as the main customer interaction channel and respond to all customer needs with the smart assistant Ugi, Ugi's understanding capacity improved to 90%.

Having preserved its top place in NPS once again in 2022, **BonusFlas** continued to respond to users' all needs associated with campaigns, debit and credit cards as it continues to put into broader use technological solutions allowing payments without the need for plastic cards and wallets.

Number of transactions with **GarantiPay**, which enables **fast and secure payment at more than 3,000 e-commerce businesses** without sharing card data rose to 5 million in 2022. The volume of GarantiPay also enlarged by 78% to exceed TL 3 billion.

POS devices used at member merchants were replaced with terminals with contactless capability allowing execution of payment without touching the device. **Number of contactless transactions doubled on an annual basis.**

Allowing SMEs and micro businesses to receive payments quickly and securely through mobile phones, **Garanti BBVA CepPOS** product was upgraded in **2022**. The renewed CepPOS became a full-scale business application for all physical, virtual and CepPOS business places.

Furthermore, payments can also be received with the recently added Payment with QR and Collection by Code payment methods in addition to contactless payments.

Garanti BBVA increased the number of QR-enabled devices in order to generalize the use of **payment with QR code**. Following all these initiatives, the **number of QR transactions tripled**.

Garanti BBVA Mobile customers can easily withdraw/deposit/transfer cash, pay their credit card debts or make loan repayments with QR code from ATMs without going to a branch. In this period, ratio of retail customers withdrawing cash with QR reached 35%.

Bonus Flaş product, a first in the sector, the **Digital Slip** feature that offers the option to be issued a digital slip instead of a printed one in contactless transactions below TL 750 not only eliminated the obligation to retain slips for users but also supported our sustainability vision as endorsed by numerous domestic and international awards granted.

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 their devices.

## FINANCIAL ADVISORY

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, and places "financial health" at the epicenter of its strategy. The Bank believes that investing in personalized customer experience has

become much more important in today's world packed with digital conveniences. Garanti BBVA backs its suggestion systems that help its customers make the best financial decisions with smart solutions integrated with new generation payment technologies.

To help its customers easily manage and keep under control their budgets, and

plan an independent and secure life in the future, Garanti BBVA offers customized smart suggestions, information and reminders. **As the first step, the customer's finances are accurately pictured, followed by an analysis of spending habits and financial behaviors, and formulation of suggestions, which are maintained constantly dynamic**

## Target

Help customers make right/healthy financial decisions

Offering financial solutions with a Responsible Banking focus

## Action Taken

- My Status section introduced in 2021 within mobile banking with a focus on financial health provides alerts on customers' major expenses, steers them to save up easily and perform controlled spending. **My Status** section generated different **financial suggestions and action plans** and was visited by a monthly average of **4 million customers** during 2022.
- Financial health advice started to be offered in diverse areas within the Mobile app in addition to the My Status section.
- Always attaching particular importance to customers' financial health, Garanti BBVA introduced the Card Checkup step for customers whose credit card applications are declined. In such cases, customers are transparently informed about the reason of non-approval and can reach customized advice for possibly increasing the probability of having their applications approved.
- **Our SME customers** need our expertise and advisory for the protection of their financial health more than ever before. Hence, we **devised a new education path of 85 training programs to equip our portfolios with expertise in financial advisory**. As such, we keep standing by them via our portfolios who achieve constant self-development.
- We introduced the Single Screen technology that lets SMEs view their accounts and POS movements with other banks collectively. Thus, SME customers can view their finances and follow-up their income/expenses and cash flow on a single platform, without having to recall the login information necessary for different banks.
- "Your Subscriptions" function introduced in **BonusFlas** enabling tracking cards registered in overseas digital platform subscription payments on a single platform was expanded in the reporting period with the addition of domestic digital platforms, which lets **users control their expenses on a broader network in a more transparent manner**.

- Garanti BBVA launched My Ecological Status feature on Garanti BBVA Mobile, which will increase customers' awareness of the combat against climate crisis. On My Ecological Status page, customers can view their carbon footprint and suggested ways to reduce it. When they take sustainable steps such as digital onboarding, digital account statement preference and the like, Garanti BBVA shoots seed balls in hard-to-reach places on their behalf with ecoDrone, aiming to contribute to their combat against climate crisis.
- Within the scope of our collaboration with Ecoding, over 350 flights were performed over hard-to-reach areas and 2.6 million seed ball shootings were made. With this initiative, we also created an alternative income source for seven women who are disadvantaged due to climate crisis through the production of the seed balls. Hence, besides contributing to reforestation and biodiversity with the help of ecoDrones, we have strengthened the sustainability journey towards reduced inequalities.



In cooperation with ecoding, one of our Garanti BBVA Partners Acceleration Program entrepreneurs, as Garanti BBVA, for environmentally friendly actions taken by our customers on mobile;

- Through ecoDrones, 2.6 million seed balls were incorporated with the soil, in priority to hard-to-reach areas.

- An alternative income source was created for 7 women for the production of these seed balls.



Scan the QR code to watch the video of ecoding founder Mert Karslıoğlu.

## INCLUSIVE GROWTH

Within the framework of inclusive growth, the other main topic of its sustainability strategy, Garanti BBVA has been treating vulnerable groups and entrepreneurs with low access to finance and other services as a separate customer group for many years. The main goal is to create cooperation opportunities with entrepreneurs for the healthy growth of the entrepreneurship ecosystem and the spread of the entrepreneurship culture

in our country. The Bank carries out activities on various platforms to support them with products and services tailored for them, for entrepreneurs ranging from women's entrepreneurship to impact entrepreneurship and technology-oriented entrepreneurs who are important players in economic growth. Garanti BBVA supports the entrepreneurial ecosystem with:

- **Women Entrepreneurs Program** launched in 2006,
- **Türkiye's Woman Entrepreneur**

### Competition that celebrates its 16<sup>th</sup> year and helps encourage women entrepreneurs and unveil role models,

- Türkiye Women Entrepreneur Academy that provides educational support,
- **Garanti BBVA Partners Accelerator Program** that contributes to the sustainability of early startups of any scale and sector, the SMEs and growing entrepreneurs.
- Trade of Women platform that supports women entrepreneurs to open up to new markets

### Target

### Action Taken

Support startups within the framework of inclusive growth

- Contributing to the sustainability of early startups of any scale and sector, the SMEs and growing ventures, **Garanti BBVA Partners Accelerator Program** hosted **6** new startups in 2022. Total amount of investments granted to startups included in the Program reached **TL 63 million**.
- **"Technology Entrepreneurs Service Model"**, a brand new service model, was developed which is designed to drive the improvement of the entrepreneurial world and its dynamics, and to speak the same language with entrepreneurs to understand them.

Support women entrepreneurs within the frame of the commitment to ensure gender equality

- Garanti BBVA launched the Women Entrepreneur Program in 2006. The Bank's activities in the field of empowering women entrepreneurs are grouped under 4 headings: "financing", "encouraging", "education" and "access to new markets".
- As of the end of 2022, the amount of TL loans provided to female entrepreneurial customers, who are classified as a special customer group under financial support, exceeded 14 billion TL in all segments.
- Within the framework of its foreign borrowing program, Garanti BBVA issued US\$ 75 million social bonds with a maturity of 6 years to be used in the financing of women entrepreneur projects with the World Bank group member IFC (International Finance Corporation). The Bank continued to benefit women entrepreneurs in 2022 from this resource, which is the first social bond issued by a private bank among developing countries.
- Turkey's Women Entrepreneurs Competition, which celebrates its 15th anniversary this year, contributed to the encouragement of women entrepreneurs and the emergence of role models, and a total of 42,000 applications were reached. The number of applications received for the 2022 competition exceeded 1,800.
- Continuing uninterruptedly for 10 years, contributing to the capacity increase of women entrepreneurs and supporting their development, Türkiye Women Entrepreneur Academy trainings were held online across Türkiye in order to reach more women entrepreneurs and increase access, and reached nearly 800 women entrepreneurs in 2022.
- Garanti BBVA became the main supporter of the "Trade of Women" platform, which was launched under the leadership of KAGIDER, to strengthen cooperation between women entrepreneurs with each other and with institutions, and to meet new opportunities within the scope of its mission to open up to new markets. The platform will develop cooperation with relevant institutions that will support the participation of women entrepreneurs in procurement processes and tenders.

Empower customers through payment system products

- Garanti BBVA automatized the Collateralized Card project at branches as of March 2022; the project is developed for customers wanting to have a credit card, but who are declined due to their credit scores. Collateralized Card is suggested to customers, for whom it is instantly established upon their application for a credit card via Garanti BBVA mobile and Internet banking that they will be declined for insufficient credit score for being issued a credit card, and the application process proceeds for the collateralized card.
- In 2022, 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.



We strengthened the ecosystem of women entrepreneurs with Turkey's Women Entrepreneurs competition, which will be held for the 16<sup>th</sup> year in 2023. The more women inspire each other, the more they encourage and learn from each other.



Scan the QR code to watch the video of KAGIDER President Emine Erdem.

## 2023 PRIORITIES

### Customer Experience

- In 2022, an artificial intelligence-supported analytical model was developed that aims to automatically categorize customer feedback received via the internet branch and website, so that complaint resolution teams spend less time on categorization and focus on complaint resolution. The effects of the model put into practice as of 2023 will be monitored.
- As the IVR upgrades and AI Project are carried to the next level, the technological innovations derived therefrom will continue to be used for producing customer-focused solutions and facilitating customers' financial lives.

### Inclusive Growth

- Garanti BBVA will continue its efforts to support individuals who are not included in the banking system to participate in the banking system in

a way that will improve their financial health, and to strengthen them both socially and economically.

- It will contribute to encouraging women entrepreneurs, increasing their capacities and supporting their development by offering opportunities for them to open up to new markets and reach new customers, together with competitions, trainings and events.
- As a bank that has contributed to the entrepreneurship ecosystem for many years, the Bank will provide holistic support to technology startups that will shape the future, from financing to training, meeting and collaborations that will contribute to their development, with its new service model.

### Digital Transformation

- The Bank continues to work for enhancing and improving the "digital onboarding" process. It will remain a main agenda item in 2023 for the Bank to increase the diversity of

digital products and transactions so as to deliver an end-to-end seamless experience so that all its customers can access banking transactions and products digitally.

- By the end of 2022, Garanti BBVA started offering its customers various functions such as initiating payments from different entities and track accounts with different entities from a single point within the scope of open banking. The Bank is targeting to proceed with its open banking initiatives towards a broader perspective by making other financial product and transaction sets available to its customers within an effortless and secure experience in the coming years in parallel with the widening scope of the open banking legislation.
- Garanti BBVA is planning to digitalize product applications for the direct debit system, bulk money transfer/EFT and supplier finance in 2023 under its digitalization strategy.
- In addition, the Bank will upgrade product service infrastructures for

Bulk Money Transfer/EFT and Direct Debit System in line with customer needs and develop API services for both products.

- E-receipt development will be brought to completion and receipts bearing e-signatures will start to be provided to customers that serve as receipts bearing wet signature.

#### Financial Advisory

- Believing in the importance of personalized customer experience and a proactive approach, Garanti BBVA aims to pave a much longer distance

in customer experience besides basic banking products and services and to set itself apart by enriching the financial health tools offered.

#### Sustainability

Believing in the importance of continuing its work towards sustainable development by focusing on combating the climate crisis and inclusive growth in order to support sustainability, Garanti BBVA will continue its efforts in this context. With this motivation, the Bank aims to continue its efforts to create the concept of carbon footprint and

sustainability awareness and to take action on these topics. As a financial institution, the Bank will implement different scenarios in order to encourage its customers to be more conscious and take sustainable steps by raising awareness and offering solutions on environmental issues that concern our planet.

## RISKS AND OPPORTUNITIES

### Risk

#### Evolving customer needs due to fast-advancing technology

#### Our Response

We benefit from the ideas and opinions of our employees in order to understand the changing needs of our customers in terms of financial services, to anticipate their expectations and to create products and services to meet them in the light of new technology/trends. For this, we implement in-house entrepreneurship programs. Final ideas and presentations were evaluated by the Innovation Committee, and ideas to be worked on were selected and the winning teams were rewarded with an international training program.

### Opportunity

#### Open Banking

#### Our Response

- Open banking services we launched in 2022 will allow all our customers to view their account movements with other banks on Garanti BBVA channels and to make money transfers from those accounts.
- Adapting itself quickly to legislation and becoming a leader in this area, our Bank keeps offering new services to our customers backed by a rich customer experience and platform security.
- Through other services introduced in 2022, the Bank's tradesmen, SME and commercial customers will also be able to view member merchant/POS movements with other banks and the amounts to be received in their accounts on Garanti BBVA Mobile and Internet channels. Customers will be able to access accounting data using the POS service and get all transaction summaries. This will let them save time, manage their cash flows more efficiently, and track their finances effortlessly on a single screen.

#### Growing Number and Competition of FinTechs

- At Garanti BBVA, we are keeping a close eye on innovative initiatives in the fintech ecosystem.
- Given our Bank's and affiliates' continuous investments in digitalization, actions taken and our agility in technological infrastructure, we consider fintechs not as rivals but as potential partners with whom we can develop complementary or efficiency-focused business models.
- We continue to consider business models and partnerships that will contribute added value to our customers and the ecosystem within the frame of the regulatory framework enforced over the past two years that triggered the emergence of new products and services in digitalization.
- We will keep offering banking services on all channels where our customers are present by integrating Garanti BBVA services in third party platforms and continue to provide third party services fulfilling our customers' needs on our own channels; we will also diversify them through various collaborations and business models.

#### E-commerce and new payment solutions

- In payment systems, cards and physical POS devices alike are being replaced by mobile wallets and POS applications that run on smart phones in face-to-face payments. This transformation picked up pace due to the pandemic.
- Shopping without plastic cards is becoming an indispensable part of everyday life. With the physical POS devices offered along this line and with the e-commerce payment solutions, BonusFlas is targeting to replace the wallets in the pockets.
- In the short and medium-term, we will be seeing more products that receive payments by eliminating the cash register and do not require a physical POS device at businesses, and new generation POS devices entailing extra functions in addition to receiving payments.
- In this respect, it is targeted to further develop the Garantili İşler (Business@Garanti) web platform reached through [www.garantibbvapos.com.tr](http://www.garantibbvapos.com.tr) website and present new solutions responding to needs.
- Virtual POS will also be a top priority for 2023 in the e-commerce universe that gained tremendous momentum during the pandemic. Amid this environment of continued desire to carry business places to online platforms, Garanti BBVA continues to work on rendering fast service to businesses, facilitating integrations, and reducing application times. E-commerce value-added products are being improved based on customer demands, and the e-commerce platform is being expanded with new product services that will generate added value so as to accelerate payment flows.

#### Technology Startups

- Lately, the future of entrepreneurial ecosystem in Türkiye is being steered by startups engaged in technology-based businesses.
- The agility, quick adaptability and innovative perspectives of these startups made collaboration even more attractive for large organizations.
- Therefore, entrepreneurship has become a key element of our inclusive growth strategy that is part of our sustainability approach.
- In terms of enhancing customer experience and financial health, we included partnering with, and supporting, these startups within our strategic priorities.
- Along this line, we are developing a service model and approach specific to technology startups by broadening the coverage of the support we have been long providing to women entrepreneurial, startup and social entrepreneurial ecosystem.

# Sustainability and Community Investments

We focus on our direct impact on natural resources including energy, water and climate that results from our own operations and on the impact we have through our business activities. As we raise awareness by way of community investments and collaborations, we contribute to the socioeconomic development of the society.

RELATED INDICATORS	2021	2022	Audited
Total annual scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	18.643	<b>18.981</b>	✓
GHG emissions intensity in the reporting period (tCO <sub>2</sub> e/Total Assets)	22	<b>14,6</b>	✓
Total annual waste quantity	248ton	<b>215 ton</b>	✓
% change by base year in GHG emissions intensity	96	<b>97</b>	✓
Total annual scope 3 GHG emissions (tCO <sub>2</sub> e)	61	<b>411</b>	✓
Total annual emissions avoided through financed renewable energy projects	8.48 mtCO <sub>2</sub> e	<b>14.05 mtCO<sub>2</sub>e</b>	✓
Total annual energy consumption(MWh)	156.800	<b>161.320</b>	✓
Total annual water consumption (1,000 m <sup>3</sup> )	186	<b>233</b>	✓
Market share of wind power plants (WPP) by installed power financed by the Bank	26.5%	<b>25.3%</b>	✓
Share of renewable energy projects in new energy production portfolio (in new project finance commitments)	100%	<b>100%</b>	✓
Number of projects subjected to Environmental and Social Impact Assessment System (cumulative)	85	<b>88</b>	✓
Site visits to customers regarding environmental and social issues	4	<b>36</b>	✓
Customers and financial institutions informed about environmental and social issues	18	<b>15</b>	
Number of SDGs contributed through effective management of sustainability risks	16	<b>17</b>	
Number of sustainable products/loans	50	<b>55</b>	

RELATED INDICATORS	2021	2022	Audited
Contribution to Sustainable Development (billion TL, cumulative)	60	<b>88</b>	✓
Participation in sustainability related initiatives and memberships	29	<b>29</b>	
Number of contributed working groups on sustainability	48	<b>52</b>	
Number of sustainability indices in which Garanti BBVA is included	10	<b>11</b>	
Number of Policies/Position Papers Garanti BBVA contributed	15	<b>16</b>	
Environmental and Social workshops and conferences	8	<b>19</b>	
Topics addressed/discussed in workshops and conferences	25	<b>26</b>	
Number of focus areas for community investment programs	4	<b>4</b>	
Contribution in community investment programs (TL million)*	43.6	<b>71.7</b>	✓
SME initiatives (including applications and events)	8	<b>6</b>	
Women Entrepreneurs encouraged to apply to Woman Entrepreneur Awards (cumulative)	41.6 thousand	<b>43.1 thousand</b>	
Women who participated in woman entrepreneurship events and whom Garanti BBVA helped raise increased awareness (cumulative)	10,435	<b>11,235</b>	
Total Sustainability Funds utilized from IFIs (USD million)	1,722	<b>1,370</b>	

\* As of 2022, in line with the BBVA Group, administrative expenses have been included in the scope of investment in social programs.

Garanti BBVA carries on with its support to sustainable development focusing its efforts on **combating climate change and inclusive growth for 16 years** to support sustainability, which is one of its strategic goals. Drawing on its sector-steering know-how and experience, the Bank leads sustainable development in the market with its business model that embraces the opportunities stemming from sustainable development as well as climate change-related risk management. In this context, Garanti BBVA collaborates with its peers and the business world on a global level

to identify new opportunities, capture emerging best practices and products, and remain as a leader in sustainable finance and development in Türkiye.

UNEP FI Principles for Responsible Banking, which were launched in 2016 by 30 founding members among which Garanti BBVA was the only bank from Türkiye, reached more than 270 signatories worldwide. The Principles for Responsible Banking, which are expected to significantly contribute to the UN Sustainable Development Goals (SDGs) and the Paris Climate

Agreement objectives, focus on six main scopes: Alignment, Impact, Clients and Customers, Stakeholders, Governance and Target Setting, Transparency and Accountability. Garanti BBVA **releases its Responsible Banking Principles Impact Report annually** and discloses its strategic approach to areas in which the Bank has an impact along with its activities.

You can access the UNEP FI Principles for Responsible Banking Impact Report here.

It is among Garanti BBVA's goals to facilitate the growth of the SMEs, microbusinesses, women entrepreneurs and all startups that play a key role in the sustainable development of economy and to help them improve their environmental, social and ethical performances, as well as producing solutions to their financial needs. Garanti BBVA focuses on responsible and sustainable development and **actively contributes to 17 goals 70 targets within the scope of Sustainable Development Goals and Targets.**

Based on its approach to impact investment, the **Bank's total contribution to sustainable development reached TL 88 billion as of the end of 2022.**

Within the scope of its combat against the negative effects of climate change, Garanti BBVA;

- has been the first bank from Türkiye to **pledge coal phase-out** in 2021.
- has become a **Carbon-Neutral Bank** in 2020.
- 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 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.** Having reduced its operational emissions by 75% at end-2020, the Bank purchased carbon credits for its remaining emissions and **became carbon-neutral 15 years**

**earlier than its reduction target.** In 2021 and 2022, the Bank continued to offset its operational emissions by purchasing carbon credits and supports the projects in voluntary carbon markets recognized by international institutions.

- **pledged to eliminate the coal exposure of its portfolio by 2040** or sooner.
- With its **Climate Change Action Plan** released in 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks through climate adaptation and implementing green office standards, the Bank also pledged that a minimum of 60% of the total funds allocated to new energy production facilities would be allocated to renewable investments.
- **In 2022, the Bank took these commitments one step further, and announced its decarbonization goals by 2030 in other carbon-intensive industries such as energy, automotive, iron and steel, and cement. These interim targets make up an important phase in reaching emissions targets aligned with net-zero by 2050.** In this context, Garanti BBVA is aiming to accompany its customers in their transitioning to a more sustainable future.

The Bank's decarbonization targets set for 2030 have been prepared using the internationally recognized PACTA (Paris Agreement Capital Transition Assessment) methodology. In keeping

with the ever-improving data quality, Garanti BBVA plans to review and update these targets.

#### With which principles did Garanti BBVA set its targets?

- **(Long-Term Vision)** Entail a long-time vision to plot the path toward 2050 net-zero targets
- **(Focused on Decision Making)** Be conducive for comparison among companies and competitors in decision-making processes
- **(Robust)** Be consistent with and based on scientific evidence
- **(Extensive Coverage)** Cover a relevant spectrum of activities in the field of decarbonization
- **(Actionable)** Based on available and transparent data
- **(Sector-Specific)** Homogeneous metrics to make it easier to understand the challenges faced by each company

#### What is aimed with the targets set within the scope of the PACTA methodology?

- **Extend the financial support** needed by customers for measuring their progress in decarbonization processes and for their investments in new technology and production methods in this pathway
- **Mitigate the transition risk in the portfolio's** by increasing the weight of exposure with clients aligned with the decarbonization scenarios.
- **Fulfill the transparency commitment** in environmental and social

#### Emission reduction targets for carbon-intensive sectors

Sector	Emission Scope	Metric	Scenario	Garanti BBVA Baseline (2022)	Reduction Target by 2030
Energy	1+2	kgCO <sub>2</sub> e/MWh	International Energy Agency Net Zero 2050	388	-72%
Automotive	3	gCO <sub>2</sub> e/Km	International Energy Agency Net Zero 2050	182	-40%
Iron & Steel	1+2	kgCO <sub>2</sub> e/Tiron&steel	International Energy Agency Net Zero 2050	1.096	-10%
Cement	1+2	kgCO <sub>2</sub> e/Tcement	International Energy Agency Net Zero 2050	726	-20%
Coal	-	TLmn	Phase-out of the sector by 2040		

Note: It is important to emphasize that the baseline of these metrics may change, since the sources of information used and the methodology are constantly changing.

performance disclosures that have lately become highly important for the financial sector

Garanti BBVA integrates its sustainability vision founded on combating climate change and inclusive growth in its management strategy and business model through its **Sustainability Policy**. Also aligned with the strategy of the BBVA Group, the policy is updated annually in view of scientific developments and social needs.

Monitoring the Bank's short-, medium- and long-term targets in accordance with the sustainability strategy, **Responsible Banking and Sustainability Committee** met twice in 2022 and assessed the Bank's activities in relation to sustainability and sustainable finance with respect to the UN Principles for Responsible Banking. Targeting to embed its sustainability vision in each structure of its organization, Garanti BBVA also enhanced its sustainability governance in 2022, adopting a **more responsible and**

**effective business model** with its new organizational structure **that separates the responsibility for sustainability strategy and communication from the mobilization of sustainable financing.** Additionally, working groups set up within various teams such as risk management and purchasing develop sustainability approaches for different units in cooperation with sustainability and responsible banking teams.

#### EFFECTIVE MANAGEMENT OF SUSTAINABILITY RISKS

Given the increased prevalence of the visible impacts of the climate crisis on social life, all financial sector stakeholders, primarily customers and investors, started placing environmental social and governance (ESG) risks in the focal point of their risk management and governance mechanisms in banking. In 2022, the European Banking Authority (EBA) included **Pillar-III ESG reporting** within legal disclosures, which enables assessment of banks' ESG risks and sustainable finance strategies by

customers and investors, as well as all stakeholders in the financial sector.

**Together with its parent BBVA Group, Garanti BBVA started analyzing the resilience of its banking portfolio against the transition and physical risks arising from climate change in 2022.**

In 2022, Garanti BBVA studied the following:

- Measuring transition risks by identifying the risks in sectors nonaligned with the Paris Agreement
- Monitoring energy performance of the Bank's real estate collaterals
- Emission intensities of the customers in carbon-intensive sectors (PACTA)
- Physical risk exposure of the Bank's portfolio as a result of climate crisis, and
- Financing directed at activities for mitigating the impacts of climate change (Sustainable Finance).

Garanti BBVA also addresses the risks revealed by these studies in setting the course of its combat against climate

change and the targets of Net-Zero Banking.

It is considered that **physical climate risks** might cause negative impacts in the medium- and long-term upon customers' loan repayment capabilities and financial institutions' activities due to:

- Reduced production capacities of customers resulting from disruptions in transportation and shipping processes or supply chains, and declined revenues due to such reduction,
- Direct loss suffered by Garanti BBVA and customer assets due to climate-related disasters,
- Increased insurance costs,
- Interruption risk in Garanti BBVA's services due to climate-related disasters,
- Potential losses in customer assets or collaterals due to scarce water supply,
- Potential issues in resource utilization due to climate-driven migrations,
- Elevated operational costs.

In this context, Garanti BBVA addresses climate-related physical risks under two headings: acute and chronic.

Climate Risk	Type
Crook/River Overflows	Acute
Flood	Acute
Rising Water Level	Chronic
Hurricane	Acute
Drought	Chronic
Extreme Temperatures	Acute
Fire	Acute

These climate risks are measured using a matrix developed based on the heat map revealing sectoral vulnerabilities and the standing of physical climate risks in customers' locations as defined by internationally accepted data sources. Accordingly, it is considered that:

- **For 2022, it was evaluated how much of the total loan portfolio could be exposed to chronic, acute and both chronic and acute climate risks.** Garanti BBVA already started work towards reducing the exposure of both its customers' activities and its own activities to climate risks.

During 2022, Garanti BBVA also measured physical risks:

- Against drought, extreme precipitation and extreme temperatures under RCP 2.6 and RCP 8.5 climate scenarios for its head office building and branches,
- Against drought, heavy rainfall, extreme temperatures, changes in average temperature, and changes in precipitation amounts under RCP 8.5 climate scenario for its renewables portfolio, and released an action plan.

 Physical Climate Risk Assessment for Garanti BBVA report can be found here.

 Alignment and actions for Physical Climate Risks can be found at here.

### ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

Garanti BBVA implemented its Environmental and Social Loan Policies (ESLP) developed to minimize the indirect impact of the Bank's lending activities in 2022; the Bank will continue to apply so carefully in line with its commitments to Environmental and Social Loan Policy and to evaluate and monitor all its customers' compliance in 2023.

Garanti BBVA provides internal training on ESLP with the training video available at Kampüs. 1.001 employees completed the training in the reporting period.

 [Current ESLP can be found here.](#)

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 characteristics, scale, vulnerability, location, and E&S impact and to systematically evaluate them with respect to risk. In this scope, Garanti BBVA ensures that the projects financed by the Bank meeting the defined amounts/transactions satisfy the social and environmental standards required by

legislation and the Bank's policies; that the project owners undertake an impact assessment, and take determined measures, if necessary, and establish effective control mechanisms.

In 2022, 3 projects with a total loan amount of USD 67 million were subjected to the ESIAM process. To date, 88 projects underwent ESIA, and thanks to the action plans based on these assessments, Garanti BBVA minimized the indirect impacts of its lending. 36 site visits were conducted in 2022. Garanti BBVA contributed to improvement of environmental and social performances of various customers and financial institutions by providing 15 briefings about environmental and social issues in 2022.

### SUSTAINABILITY INDICES

The positive outcome of Garanti BBVA's effective sustainability structure is manifested with the Bank's successful results in nationally and internationally recognized sustainability indices.

In 2022, Garanti BBVA was the **only company reporting from Türkiye to be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets for the eighth consecutive year.** Integrating sustainability in all its operations and business strategy, the Bank once again reproduced a successful result obtaining a score of 83. Garanti BBVA **achieved the fifth highest score in the global banking sector** in the index that presented stricter assessment criteria this year with the integration of more advanced sustainability issues such as decarbonization targets and financed emissions. Increasing its score **from 75 in 2021 to 83 in 2022, Garanti BBVA endorsed the soundness of its sustainability governance on the international arena as well.**

DJSI - 2022	CDP Climate Change 2022	CDP Water Security 2022	MSCI	Vigeo Eiris	FTSE4Good Index - 2022	Sustainalytics ESG Risk 2022	Bloomberg Gender-Equality Index2022
Scoring Range: 0-100	Scoring Range: A / D-	Scoring Range: A / D-	Scoring Range: AAA - CCC	Scoring Range: 0-100	Scoring Range: 0 - 5	Scoring Range: 0 - 40+	Scoring Range: 0-100
<b>83</b>	<b>A</b>	<b>A-</b>	<b>BBB</b>	<b>45</b>	<b>3.8</b>	<b>23.7</b>	<b>89.06</b>
Only Company From Türkiye In The EM & 5 <sup>th</sup> Highest Score In Global Banking Sector	Highest Score Among the Banks Reporting From Türkiye	Included in the Index Since 2015			Included in the Index Since 2016	325 <sup>th</sup> of 1.005 Global Banks	Only Company From Türkiye to be Included in the Index For the 7 <sup>th</sup> Consecutive Years

One of the world's most important reporting programs for transparently disclosing climate change policies and water management strategies, **CDP Climate Program 2022 results placed Garanti BBVA as the only Turkish bank in the Global A List.**

**With A- score, the Bank achieved leadership level in the CDP Water Program.** In addition to that, the Bank continues to be the main supporter of CDP Türkiye since 2009, which evaluates corporations with respect to their governance structures, risk and opportunity descriptions, business strategies, targets, GHG emissions data and interactions with various stakeholders.

In recognition of its management concept that promotes diversity, Garanti BBVA achieved **its highest score to date on Bloomberg Gender Equality Index 2022 and has become the only company from Türkiye qualifying for the Index for 7 years in a row.**

## 2022 DEVELOPMENTS

## Target

Financing low-carbon transition

## Action Taken

- In 2022, Garanti BBVA took Net-Zero Banking Alliance (NZBA) commitments one step further and **announced decarbonization targets by 2030 for other carbon-intensive industries including energy, automotive, iron & steel and cement**. These interim targets constitute a key stage in achieving emission targets aligned with net-zero by 2050. The Bank works in cooperation with its parent BBVA Group to measure climate risks and to encourage its customers for green transformation.
- Financing only 100% renewables in greenfield electricity generation projects within the scope of its Project Finance deals since 2014, the Bank continued to support exclusively renewable energy investments in greenfield energy investments in 2022.
- The Bank continues to neutralize its emissions resulting from its operations by purchasing carbon credits in 2021 and 2022, and supports internationally recognized voluntary carbon markets.
- At year-end 2022, the percentage of **green assets** to Project and Acquisition Finance loan portfolio was **25.8%** which corresponds to a total volume of USD 2.5 billion. In this portfolio, the **percentage of green assets to the loans allocated for electricity generation purposes was 55.8%, whereas the green asset ratio of infrastructure projects such as energy, highway, airport, port and healthcare campus projects was 63.8%**.
- The market share of wind power plants (WPPs) and Solar power plants (SPPs), by installed power financed by the Bank is 25.3% and 23.6%, respectively, in 2022. The cumulative financing amount provided to renewable energy investments exceeded USD 6.26 billion.
- In 2022, total avoided emissions of operational renewable power projects, where Garanti BBVA was involved in their financing, were 14.05 million tCO<sub>2</sub>e based on the current average grid emission factor for Türkiye.**
  - USD 2.8 billion to Wind Power Projects (WPP) for 2,888 MW current installed capacity, which will reach a total installed capacity of 2,908 MW once fully operational,
  - USD 2.5 billion to Hydropower Projects (HEPP) for 3,677 MW current installed capacity, which are fully operational,
  - USD 266 million to Geothermal Power Plant Projects (GTTPP), which will have a total installed capacity of 337 MW once fully operational,
  - USD 559 million to Solar Energy Projects (SPP), which will have a total installed capacity of 2,228 MW once fully operational,
  - USD 134 million to Biomass to Energy Projects, which will have a total installed capacity of 142 MW once fully operational.



Demirer Holding Chairman Önder Demirer says:  
We started our partnership with Garanti BBVA in 2005. Renewable energy is the energy of the future because fossil fuels are getting more expensive day by day, polluting our world. We will continue our renewable investments with Garanti BBVA.



Scan the QR code to watch the video of Demirer Energy Chairman Önder Demirer.

Develop 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 52 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 Sustainability Working Group and the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group, and **actively participates in or chairs 29 initiatives in total that include numerous platforms**.



The list of supported initiatives can be found here.

- In addition to following up local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the 27th UN Climate Change Conference of Parties (COP27) that provides the setting for international climate negotiations, Garanti BBVA Executive Vice President for Digital Banking and Client Solutions İşıl Akdemir Evlioğlu hosted the Head of Finance of the Institute of International Finance (IIF) during the panel titled "A Case Study on the Role of the Banking Sector in Sustainable Development in Emerging Markets: Türkiye" at the Turkish Pavilion. In addition to the panel during which the importance of the mobilization of sustainability finance in the Turkish economy and its positive impact on green transformation and inclusive growth were discussed, representatives from the industrial sector addressed green growth approaches and the importance of finance in our country in the panel hosted by TUSIAD (The Turkish Business and Industry Association) titled "The Role of Sustainable Finance in Green Growth", where İşıl Akdemir Evlioğlu was a speaker on behalf of the Bank. The Bank's Sustainability and Sustainable Finance teams closely followed up the COP27 sessions that focused on loss and damage funding for vulnerable countries.
- The **Garanti BBVA Climate Index** Garanti BBVA launched in 2021 in cooperation with CDP Türkiye and Borsa İstanbul 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 number of companies included in the index in 2022 reached 46**. Garanti BBVA Asset Management Garanti BBVA Climate Index Equity Fund that will be introduced in 2023 based on the companies on the Index is intended to promote increased investments in companies with a high climate performance and to contribute to the natural and cultural heritage education given to students by ÇEKÜL Tree of Knowledge Education Unit to be carried out with the funds to be transferred to ÇEKÜL Foundation (the Foundation for the Protection and Promotion of the Environment and Cultural Heritage) from the fund's annual management fee.
- In **November 2022**, Garanti BBVA initiated the **"Sustainable Future in Exports"** event series with the aim of supporting companies exporting to the EU in their alignment with the European Green Deal and clearing the way for sustainable investments. The Bank aims to brief especially SMEs, as well as the sectors and institutions that will be affected by the European Green Deal and Carbon Border Adjustment Mechanism about these processes, to answer the questions on minds, and to mobilize institutions by offering advisory on the **"Green Deal"**.
- Garanti BBVA also leads the transformation of the sustainable finance sector in Türkiye. Within this scope, the Bank serves on the **Türkiye Banking and Finance Working Group as a Board of Directors member of Global Compact** 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 from Türkiye, which foresees assessment of environmental and social risks in loan processes and their integration into relevant policies. As 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.
- Garanti BBVA participated in the Climate Council** organized in Konya in February 2022 by the Ministry of Environment, Urbanization and Climate Change, Presidency of Climate Change to address Türkiye's new climate change vision in the light of evolving circumstances and to provide an inclusive exhibition of the green transformation concept, and **took place among the members of the Green Finance Commission**: the Bank presented its opinions regarding the development of sustainable finance policies.
- In December 2022, Garanti BBVA Sustainability Unit attended the 12<sup>th</sup> Development Plan Specialization Commissions Consultation Meetings. During the meetings that dealt with the creation of a financing strategy to strengthen climate adaptation and the impact of climate change on sustainable development, the Bank discussed recent regulatory and policy updates, best practices, corporate organization models and financing, and proposed policies based on its experiences in, and expectations from, the sector.

Manage the environmental impacts of our operations

- During 2022, 839 Garanti BBVA branches and 52 buildings received IREC certification which proves that their 93 GWh electricity need was entirely supplied from renewables. Thus, **43,879 tCO2 equivalent emissions were avoided** which corresponds to the carbon sink capacity of roughly 2.7 million trees.
- Garanti BBVA Eco-Efficiency Plan released in 2021 covers the Bank's goals for renewable energy consumption and reduction of water consumption. The Bank targets to **source at least 80% of its energy consumption from renewables**, and to reduce water consumption per square meter **each year between 2021 and 2025**.
- In 2021, Garanti BBVA set up the Remote Eye System for limiting electricity consumption at 100 locations through infrastructure monitoring and control. By completing the establishment of the third package in 2022, it reached a total of 300 locations. Thanks to the commissioned system, **22% savings were achieved in electricity consumption in 108 of the Bank's locations compared to the same months of 2019**.
- 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 97%**.
- Garanti BBVA Zincirlikuyu Head Office building is the one and only bank from Türkiye that holds a Platinum certificate in LEED, one of the green building rating systems; Garanti BBVA Kızılay Branch, on the other hand, is the only bank building holding Platinum certificate in the New Buildings category. In addition, Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building all have LEED Gold certifications.
- In 2022, the Bank earned the Basic Level Zero Waste Certification for its Zincirlikuyu Head Office and Pendik Campus buildings, which is issued by the Ministry of Environment, Urbanization and Climate Change.
- Furthermore, the Bank pledged to reduce and avoid the usage of 318.6 tonnes of plastic by 2023 under its commitment to Business for Plastic Initiative.



Support customers' sustainable growth

Garanti BBVA focuses on supporting sustainable development through its sustainability strategy, and financial instruments offered to customers for combating the climate change and enabling inclusive growth.

- Combating climate crisis
  - Under its cooperation established in 2022 with **Erguvan, a digital carbon credit trading platform**, Garanti BBVA provides its **corporate customers having difficulty in accessing voluntary carbon markets with a carbon credit supply tool** that is direct, transparent, secure and entails low transacting costs. Putting this innovative product into use that allows fast and secure delivery of carbon credits in cooperation with Erguvan, the Bank helps the carbon markets gain increased maturity. Through this partnership, the Bank aims to accelerate the compliance of its corporate customers and particularly exporter customers to the **European Green Deal, the Fit for 55 commitment which is EU's target to reduce GHG emissions by at least 55 per cent by 2030**, and as part thereof, **the subsequent EU Carbon Border Adjustment Mechanism**.
  - Also intending to provide consultancy regarding the impacts of climate change through the services rendered to its customers, Garanti BBVA **started offering carbon footprint and sectoral impact analysis to its corporate customers through its digital channels in 2022**. Using the carbon footprint application, corporate customers can monitor their carbon footprint emissions resulting from their activities and benefit from awareness raising guidance. With the sectoral impact analysis, customers can analyze the impacts of their respective sectors on sustainability at a global scale.
  - Furthermore, Garanti BBVA targets to incite its retail customers to take up habits that positively affect sustainable transformation and help them set themselves social and environmental goals. **"Ecological" tab under the "My Status" section on Garanti BBVA Mobile is intended to raise awareness of customers by allowing them to monitor their carbon footprint**, while providing helpful tips and suggestions to help them reduce their footprints. The Bank intends to leverage its technological capabilities towards positively impacting the society and contribute the sustainable development of the world.
- 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's actions in this department can be found on page 140-141 of the Report.

## SUSTAINABLE FINANCE

Garanti BBVA diversifies the financial instruments provided for **low carbon and inclusive growth**, and continues to cooperate 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.

The BBVA Group, the Bank's principal shareholder, **doubled** its sustainable financing target from EUR 100 billion it declared in 2018 to EUR 200 billion in 2021 in parallel with its climate change and sustainable development strategy aligned with the Paris Agreement. Being already ahead of its goals in 2022, the

BBVA Group revised the 2025 goal for a second time, tripling the original amount to EUR 300 billion. This pledge is intended 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 the goal of bringing the age of opportunity to everyone. Pledging to contribute increasing amounts of financing in parallel with the BBVA Group's sustainable finance target, **Garanti BBVA aims to allocate funds totaling TL 150 billion for financing sustainable activities between the years 2018 and 2025 for combating climate crisis and for sustainable development.**

Putting the emphasis particularly on all areas of production from agriculture

to industry, Garanti BBVA extends support to the SMEs in all sectors for the financing of solar power plants (SPP), hydropower plants (HEPP), geothermal power plants (GTPP), wind power plants (WPP) and Biomass/Biogas to Energy plants. The Bank also took part in the financing of waste water treatment facility investments by its customers from any sector, which is critical to the fight against environmental pollution. Besides the financial support extended to its customers, the Bank also provides cooperation opportunities to startups engaged in this area and producing innovative solutions. As a key player in Türkiye's sustainable development, Garanti BBVA was also granted the Best Investment Bank in Türkiye for Sustainable Finance award by Global Economics for three consecutive years.

### Target

### Action Taken

#### 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. In 2021, both the amount of financing provided increased and the sustainability-linked syndicated loan included a commitment to purchase electricity from renewable sources. In 2022, the syndicated loan was renewed with a commitment to increase financing provided to women and micro-entrepreneurs. The syndicated loan, which consisted of two tranches for USD 283.5 million and EUR 290.5 million with a maturity of 367 days, was participated by 30 banks from 16 countries. Under the facility that had a rollover ratio of 125.12% and was renewed 100%, Garanti BBVA's green and social commitments are audited by international independent audit firms on the test dates.

#### Mutual and Pension Funds

In this period of greater importance acquired by sustainable investments, public offering of 3 sustainability-themed mutual funds under Garanti BBVA Asset Management roof took place. Total worth of Clean Energy Variable Fund, ESG Sustainability Fund of Funds and Sustainability Equity Fund reached TL 1.7 billion at year-end 2022.

Garanti BBVA Pension's Sustainability Equity Fund was worth TL 1.1 billion as at end-2022.

Launched in 2021, Garanti BBVA Climate Index comprises of the equity stocks of companies listed on Borsa İstanbul, which transparently disclose their climate risks and opportunities in accordance with the CDP (Carbon Disclosure Project) methodology. The Garanti BBVA Asset Management Garanti BBVA Climate Index Equity (TL) Fund will be set up in January 2023, where at least 80% of the total fund value will be invested continuously in issuer shares included in Garanti BBVA Climate Index (GBNIE) and in stock exchange mutual funds established to follow the indices comprised of these shares.

Sustainability-  
linked loans

Having joined among the ranks of key products in sustainable finance, sustainability-linked loan structures continue to evolve. These loans allow creation of more concrete impacts by their customizable flexible structures, integration of sustainability within the decision mechanism and consideration of strategic priorities.

By the end of 2022, Garanti BBVA's total financing in the form of sustainability-linked loan structures amounted to TL 3.3 billion.

- The Bank's climate finance contribution, which was verified by a third party independent audit, amounted to TL 10.8 billion.
- Sustainable finance products provided for investments and acquisitions in the areas of **waste management, recycling and circular economy** implementations surpassed TL 3.9 billion in 2022.
- In 2022, the Bank introduced its new sustainability-themed package developed for supporting its customers, mainly the SMEs, that will be **impacted by the European Green Deal and Carbon Border Adjustment Mechanism in their exports to EU** in reducing their GHG emissions.
- 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. The first **Gender Loan** was signed 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.
- Introduced in 2021 as the first of its kind in Türkiye to support an increased prevalence of **hybrid and electric vehicles within the fleets of corporates, the Corporate Green Auto Loan** is intended to lead the companies' transition to more efficient hybrid and electric vehicles at advantageous rates, while contributing to a sustainable future by encouraging replenishment of fleets with environment-friendly vehicles. Total lending in this capacity reached TL 207 million as of year-end 2022.
- Total retail segment lending within the scope of **Environmentally-Friendly Auto Loan** provided for the **financing of hybrid and electric automobiles** exceeded TL 339 million in 2022.
- Türkiye's first Retail Rooftop Solar Power System (SPS) Shopping Loan for customers wishing to make use of solar power in their buildings.
- Environment-Friendly Building Insulation Loan for supporting efficient energy consumption in buildings and promoting insulation investment.
- Electric Bicycle Special Shopping Loan for supporting green transportation theme are available at advantageous rates for the customers.
- Disbursements under the **Green Mortgage** product launched in 2017 to encourage living in green, environment-friendly buildings totaled **TL 214 million** in 2022.
- 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 makes one of the main subjects in European Green Deal's call-to-action. **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. Garanti BBVA keeps standing by agricultural establishments during and after production 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 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** 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.
- **Funding provided to support unbanked farmers within the scope of sustainable agriculture and inclusive growth topped TL 170 million** cumulatively on the basis of all business lines as of December 2022.
- Under Social Sustainable Finance Standards, funding for **healthcare infrastructure expenditures amounted to TL 2 billion** in all segments.
- Financing provided to **water efficiency projects in 2022 exceeded TL 30 million TL.**

## COMMUNITY INVESTMENTS

Engaged in the banking business with the goal of "bringing the age of opportunity to everyone", Garanti BBVA moves ahead with the target of having a positive impact on the people, businesses, and the society at large at all times in line with its corporate values. Various policies and internal guidelines of the Bank represent its pledge to be a responsible bank and create value over the long term, which it has communicated to all its stakeholders. Released in July 2021 based on the Board of Directors decision, the Corporate Social Responsibility Policy is intended to emphasize the Bank's principles, guidelines and commitments related to corporate social responsibility and adapt

them to the priorities of the Bank and the society.

When setting its strategies for community investment programs, the Bank focuses on social sensitivities and common issues in Türkiye and in the world that overlap with Garanti BBVA's values. In keeping with its responsible banking concept, the Bank prioritizes the society's needs and the stakeholders' expectations from the Bank in a strategically aligned fashion with its core business lines and devises programs that will yield social benefits.

The Bank carries out its activities aimed at contributing value to the society in three focuses of action within the frame

of community investment programs:

- Reducing inequalities and promote inclusive growth
- Education for all
- Frontier knowledge and accessible culture

In addition to these areas on which focus is placed to support inclusive growth, programs are developed to contribute to the fight against the climate change.

Corporate Social Responsibility Policy can be found on [www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com), under Environment, Social and Governance >Policies tab.

## Target

Prevent deforestation

## Action Taken

**Türkiye's Life: Fire Management Grant Program**

Under the Türkiye's Life: Fire Management Grant Program co-launched with WWF-Türkiye in June 2022, we are supporting local civil societies' projects related to forest fires.

The program, which is initiated to mitigate the risk of forest fires that destroy natural life and our people and to be better prepared for possible fires, is intended to extend support to activities of civil society organizations that will carry out local projects under 3 headings:

- Preventive actions and preparations before the fire,
- Active participation in firefighting efforts and disaster management during the fire,
- Restoration of natural/ecological losses and improvement of socioeconomic losses after the fire.

**As per Garanti BBVA Environmental and Social Loan Policies Deforestation Impact Management Process**, in the financing of new investments such as highways in particular which are linear and expansive, a thorough situation assessment is conducted for projects that are established to pose a high risk as a result of the Environmental and Social Impact Assessment Model assessment with respect to their impact on deforestation, and if an impact is established:

- Forestation Commitment is obtained from the borrower according to the environmental and social risk degree of the project;
- Forestation Commitment incorporates planting of at least 4 or 5 folds of the number of trees affected by the project and ancillary units.

At present, commitments for the **planting of approximately 30 million trees** have been obtained from the borrowers cumulatively and **tree plantation activities are followed up.**



Increasing heat waves and drought due to climate change trigger the increase in fires. Unfortunately, it is the people, nature and our future who suffer the most from this. Within the scope of "Türkiye'nin Canı Yanmasın" support program, 2 projects have moved to the implementation phase. A Türkiye that is more resilient to forest fires is possible together.



Scan the QR code to watch the video of WWF-Türkiye, Nature Conservation Director Sedat Kalem.

Prevent marine pollution

#### Blue Breath

- In cooperation with **Turkish Marine Environment Protection Association/ TURMEPA**, we are carrying out waste surface cleaning on the Sea of Marmara and awareness trainings on marine cleanliness in the cities in the region since September 2021 with the objective of preventing sea pollution.
- Since September 2021, sea sweepers collected approximately **109 tonnes of solid waste, which were sent for recycling**. The waste collected by sea sweeps corresponds to the waste produced by almost 96 thousand people daily.
- Since September 2021, **1,500 teachers and more than 30,000 students from 146 schools** in Kocaeli, Bursa, İstanbul, Tekirdağ and Çanakkale were reached within the scope of the education program.
- To expand the coverage of the project and to respond to the need arising from the dense yacht tourism in the area, one sea sweeper worked in Adrasan, Antalya from July to October 2022, and prevented approximately 2 tonnes of liquid waste from flowing into the sea over the course of 4 months. As such, it contributed to keeping **19,192,032 liters of seawater** clean.
- Shore cleaning and waste sorting activities were organized in Çanakkale and İstanbul provinces, in which employees took part. Employees volunteered their support to awareness activities targeted at primary school students in relation to environment and oceans on the Blue Breath Training bus stationed in İstanbul and Tekirdağ. During 2022, 48 people benefited from the "Social Responsibility Project Participation" leave offered to support employees' participation in volunteering activities.



As TURMEPA, the solution we take as our mission and see as the most permanent method is "learning not to pollute". The Blue Breath Project creates an important awareness in this regard. With this one-of-a-kind project, we raise awareness in the fight against the climate crisis and encourage the increase of similar projects.



Scan the QR code to watch the video of TURMEPA Corporate Collaborations and Business Development Manager Şebnem Karagürbüz.

Quality education

#### Teachers Academy Foundation (ÖRAV)

- Established by Garanti BBVA in 2008 with the aim of championing children's right to access quality education by supporting professional and personal development of teachers.
- Continuous development is essential for teachers who play a key role in the social and cultural transformation of societies to be more successful in their professions.
- **Number of teachers reached in 2022: 33,399**
- **Number of teachers reached since 2008: >280,000**
- eKampüs, the remote learning platform of the Teachers Academy Foundation, provides a knowledge/experience sharing platform that can be accessed by all teachers. eKampüs has 65,000 active users.

#### 5 Pebbles: Social and Financial Leadership Program

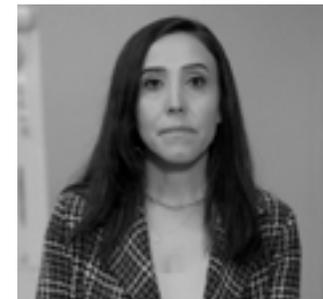
- Implemented since 2016 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, 5 Pebbles: Social and Financial Leadership Program is intended to build on primary and secondary school students' social and financial literacy knowledge, attitudes and skills. While raising the students' awareness of social and financial topics, the ultimate goal is to instill a consciousness of "Good Citizenship".
- **In 2022, 9,760 students and 1,053 teachers were reached.**
- From 2016 to date, more than 2,500 teachers and over 35,000 students were reached.

#### Teachers without Distance

- The webinar series is carried out to support teachers' digital skills and classroom management skills to ensure more active participation of students in lessons.
- Carried out since **2020 in cooperation with the Teachers Academy Foundation, the series has been instrumental in reaching more than 15,000 teachers** in total.
- In 2022, the program reached 1,939 teachers.

#### 10 Million AI

- In the project conducted by Global AI, programs are conducted to build on the youth's knowledge and skills in artificial intelligence and to strengthen their employability.
- For gender equality purposes, it is targeted to mobilize at least 50% women participants in the program.
- **In 2022, 43,579 youngsters were reached in total (25,531 of them women).**
- Total number of youngsters reached during our support to the program between August 2021-August 2022 is 69,941 (37,374 of them women)



I can say that the Teachers Academy Foundation made significant contributions to my life both professionally and socially. It has been my turning point especially professionally. I think of my career in two parts: before ÖRAV and after ÖRAV.



Scan the QR code to watch Yıldız Paldar teacher's video.

Provide a sustainable environment for research and production of knowledge

#### Salt

- Founded by Garanti BBVA in 2011 to support the production of knowledge, culture and arts; Salt continues its activities as an innovative and participatory cultural institution that produces unique works.
- Conducts programs such as exhibitions, film screenings, performances, concerts, conferences and workshops on various topics such as art, architecture, design, urban life, and society.
- By producing content that will raise awareness on social issues, Salt helps to increase the quality of information and serves as an open source for everyone.
- Through its diverse archival and research projects, the institution contributes to the memory of Türkiye and its neighboring countries.
- Salt Research archival collections give online access to approximately 2 million documents and resources.
- The library located in Salt's Galata building which is available to its users free of charge five days a week, has a collection of more than 100,000 publications.
- Since its establishment, Salt hosted more than 3 million visitors.



With the sponsorship of our founder Garanti BBVA, we have so far:

- Hosted 3 million visitors with 108 exhibitions and over 1,000 public programs,
- Reached 6 million users via our digital archive; offered service to more than 500,000 people at our specialized library,
- Extended support to 68 researchers through Salt Research Funds.



Scan the QR code to watch the video of Salt General Manager Deniz Ova.

Long-lived projects in music that contribute to the society's vision

- Uninterrupted support is extended to **Istanbul Jazz Festival** as the festival sponsor since 1997. One of the leading sponsors of jazz music in Türkiye, the Bank sustains its support in this area since 1994. Having extended support to Istanbul Jazz Festival organized by the Istanbul Foundation for Culture and Arts in 1994, Garanti BBVA decided to carry on with its support as the Festival Sponsor from 1997. Having become an indispensable part of the city's life and named among Europe's select jazz festivals, Istanbul Jazz Festival has brought numerous famous artists to music lovers including, among others, Sting, Björk, Simply Red, Buena Vista Social Club Feat, Ibrahim Ferrer, Bryan Ferry, Lenny Kravitz, George Benson, Chick Corea, Melody Gardot, Grace Jones, Buika, Lisa Ekdahl, and Marcus Miller.
- The Bank brings invaluable artists together with music lovers with the support it extends to concerts held at IF Performance Beşiktaş, Salon IKSİV, Nardis Jazz Club, and Zorlu PS, four of Istanbul's most important musical performance venues.
- On the UNESCO-declared International Jazz Day celebrated on April 30<sup>th</sup> every year, Garanti BBVA keeps celebrating the occasion with the most colorful concerts in the city under the tagline **"One Night Five Concerts"**.



Garanti BBVA is involved in long-lived projects that contribute to the society's vision in music. The festival's sponsor since 1997, the Bank has been extending support uninterruptedly to Istanbul Jazz Festival and is being instrumental in bringing music lovers together with valuable artists.



Scan the QR code to watch the 25 Years of Music video.

Support to Turkish basketball in keeping with the principle of permanent and sustainable contribution to the society

Garanti BBVA has been extending support to **Turkish basketball since 2001.**

In close cooperation with the Turkish Basketball Federation, Garanti BBVA has so far made significant contributions to basketball over a broad scale extending from 12 Giant Men Basketball Academies to youth setup national teams, National Women's and Men's Teams.

Believing that these contributions created a permanent value in the society and social life, Garanti BBVA has also become the sponsor of National Women's and Men's Wheelchair Teams. Accordingly, the Bank has been supporting:

- 12 Giant Men (National Men's Basketball Team) since 2001,
- Pixies of the Court (National Women's Basketball Team) since 2005,
- 12 Brave Hearts (National Men's Wheelchair Basketball Team) since 2013, 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.



Garanti BBVA has been playing a significant role for 22 years in promoting basketball in our country by contributing to the recognition of our national team, our players and schedule through advertising films, composing songs for our teams and sung by the crowds during the games, and preparing numerous communication campaigns



Scan the QR code to watch the video of Selin Erdoğan, Marketing Director of the Turkish Basketball Federation.

Contribute to change by raising awareness on gender equality

- We carry out the EşitBiz project since the beginning of 2022 in order to contribute to change by raising awareness on gender equality.
- With the Mother Child Education Foundation (in Turkish: AÇEV)'s social initiative Equality Matters (in Turkish: Eşitliğe Değer), we aim to raise awareness among all our bank employees with the training.
- In 2022, 12,168 Garanti BBVA employees completed the "Equality Awareness Training" training.
- In cooperation with ÖRAV we aim to raise and strengthen teachers' awareness on gender equality and to carry out a holistic program that will enable them to work with students.
- ÖRAV's "Supporting Social and Emotional Skills in Preschool Education" reached 1,147 teachers, and indirectly, 16,770 students in 2022.

### 2023 PRIORITIES

- **Build on advisory services and activities related to sustainability and sustainable finance** offered to customers
- Propagate **sustainable solutions in retail and SME customer segments**
- Raise increased internal awareness to prevent **greenwashing** and establish additional control mechanisms
- Integrate ESG assessments in the Bank's activities with external stakeholders
- Review the alignment of Garanti BBVA's environmental and social loan policies to most up-to-date and comprehensive national and international legislation and standards in accordance with the Bank's sustainability targets
- Support development of national and international policies
- Develop sustainability data governance systems
- Broaden sustainability-linked product portfolio
- Set targets in line with our inclusive growth goal
- **Disclose interim targets and determine strategies for financing carbon-intensive sectors based on Garanti BBVA Net Zero Banking pathway**
- Analyze and manage the climate-related physical risk exposure of the Bank's portfolio
- Raise increased awareness of climate risks among customers in particular and the society in general

Risk Drivers	Opportunity Drivers	Garanti BBVA's Approach
Climate maladaptation	Green growth options	<ul style="list-style-type: none"> <li>• Constantly broaden sustainable finance products range.</li> <li>• Set short-, medium- and long-term goals for combating climate change and inclusive growth targets.</li> <li>• Support customers' combat against climate change acting as an advisor.</li> <li>• Environmental and Social Credit Policies ensure effective management of the positive and negative effects of the Bank's financing transactions. Support the sustainable business model via sustainability governance model integrated in the Bank's different units.</li> <li>• Collaborate with public institutions and organizations to develop sustainable economy and sectoral policies.</li> </ul>
Drought and water scarcity	Emergence of New Business Opportunities	
Biodiversity loss	Increased conscious and responsible consumer behaviors	
Increased air pollution in cities	More sustainability-focused national and international policies	
Depletion of natural resources	Enhanced awareness of climate crisis risks	
Energy crisis	Expansion of electrification	
Disrupted global supply chain	Development of new energy technologies	
Food and water security	Development of the carbon market	
Ecological Engineering	Increased resources allocated to R&D	
Population density and its impacts on public health	Accessibility of sustainability data through digitalization	
Socioeconomic inequality	Development of new insurance risk management methods	
High cost of living	Increased diversity of financial products	
Natural disaster and extreme weather	Expansion of energy-efficient structures	
Environmental accidents	Increased means for recycling	

# Our Governance

- > Our Governance
- > Organizational Structure Changes
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- > Senior Management
- > Remuneration
- > Committees and Policies
- > Risk Committee's Assessment
- > Audit Committee's Assessment
- > Internal Systems Governance
- > Internal Systems Managers
- > Risk Management
- > General Shareholders' Meetings
- > Compliance with Corporate Governance and Sustainability Principles

When the **power of mutual trust and empathy** is coupled with experience, success takes root and becomes persistent.

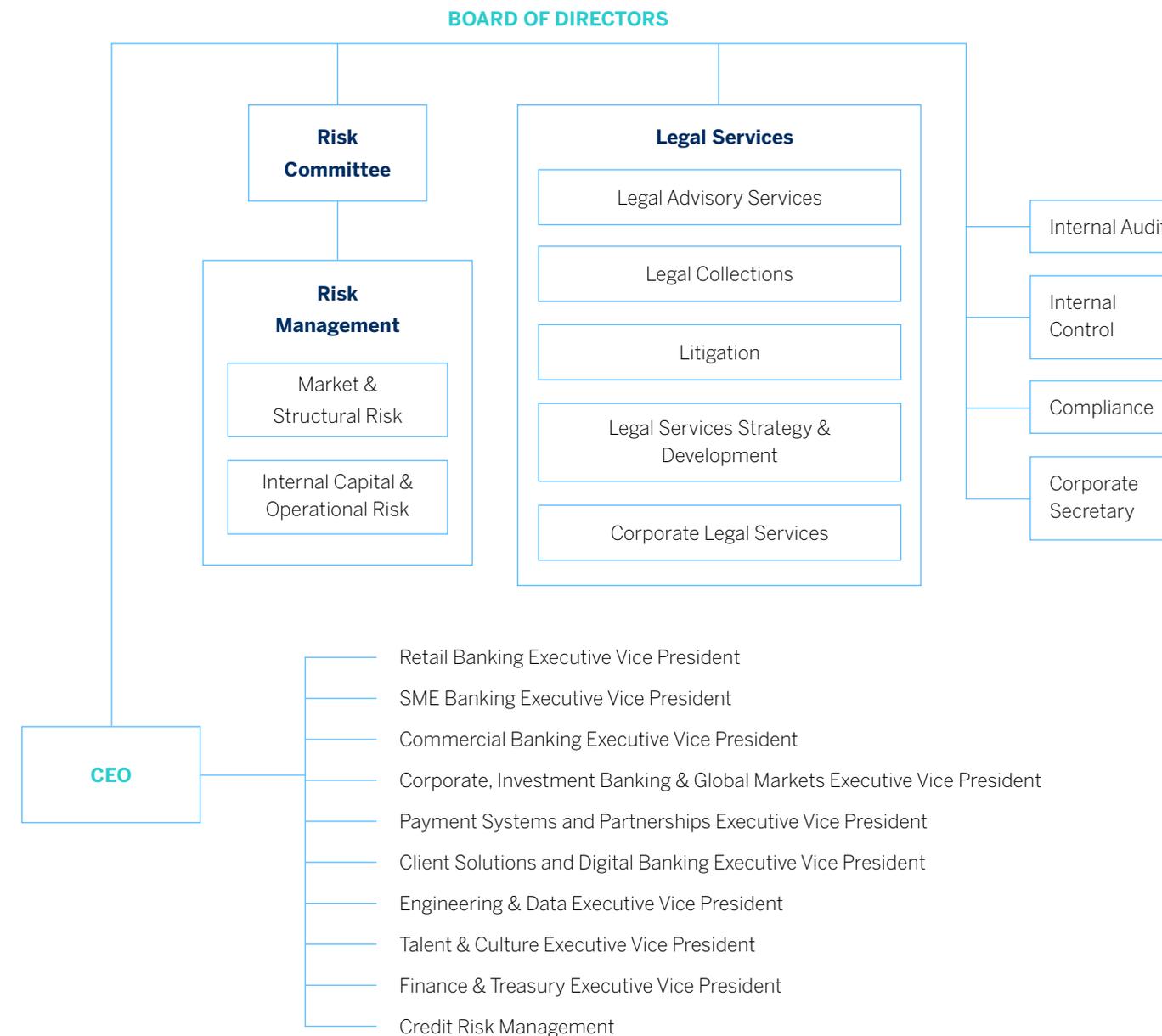
# Our Governance

At the heart of Garanti BBVA's corporate governance structure are the Bank's effective Board of Directors and transparent communication between the Board of Directors and senior management. The Board of Directors 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. Making effective use of the committees, the Board of Directors maintains uninterrupted and transparent communication with the senior management and is actively involved in each stage of corporate governance. 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, and subsequently performs 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.

# Organizational Structure\*



\* Organizational structure as of 31.12.2022  
 Note: In addition to the Executive Vice Presidents; Information Systems Security, Economic Research, Retail Collections, Wholesale Recovery and General Secretariat functions report directly to the CEO.

# Organizational Changes

Changes in the organizational structure in 2022 are summarized below:

- In line with the reorganization of Global Markets;
  - "Financial Consultancy and Risk Management Solutions" and "Global Markets Business Development and Project Management" functions were affiliated to the Global Markets organization.
  - Parallel to the transfer of the functions mentioned above, Global Markets Sales and Financial Solutions Department was renamed Global Markets Sales Department.
- Application Operations business area under IT Governance and Infrastructure Applications reporting to Engineering and Data Executive Vice President was renamed Service Resilience and Continuity.
- In response to the expanded scope of centralization, Abacus Centralized Customer Services Department was set up, which reports to Abacus Operations Center with the aim of ensuring more focused and holistic

management of the "Centralized Customer Services" teams, which operated under Abacus Data Management Department and which was in charge of handling after-sales transactions of corporate customers, improving and developing service quality, in response to the expanded scope of centralization.

- The units reporting to the Finance and Treasury Executive Vice President were restructured as follows:
  - Expenditure Management and Efficiency responsible for policy, strategy and methodology development; Financial Data, Performance Management and Budget Planning; Financial Reporting and Accounting, and Tax Management specialization areas were merged under the same roof with related practices and services undertaken by the Financial Management organization. Accordingly:
    - Expenditure Management and Efficiency organization was structured which will be responsible for all policies, strategies, implementations and services of Expenditure Management and

Efficiency specialization area.

-- Financial Data, Performance Management and Budget Planning organization was closed down; Financial Planning and Analysis organization was structured, which will be responsible for all policies, strategies, implementations and services of the specialization area.

-- Financial Reporting and Accounting organization was structured, which will be responsible for all policies, strategies, implementations and services of Financial Reporting and Accounting specialization area.

-- Tax Management organization was structured, which will be responsible for all policies, strategies, implementations and services of Tax Management specialization area.

- Financial Management and Financial Projects organizations were closed down.

- "Corporate Legal Services" organization was set up under Legal Services that reports to the Board of Directors Member responsible for legal services, with the purpose of

offering legal advisory for the below activities acting as the main contact for all matters associated with the Bank's corporate identity.

- Any project associated with the corporate identity handled across the Bank and the Group

- All domestic and overseas borrowing deals under which the Bank makes a commitment

- Share acquisition/selling, merger, takeover, capital increase involving the principal shareholder, our Bank and subsidiaries

- The impacts of the EU and other international regulations governing the principal shareholder upon our Bank and subsidiaries

- Strategic topics such as handling of the risks that the balance sheet is exposed to at the Bank and subsidiaries, appointments to Senior Management positions

- Topics related to CMB and other regulatory requirements that govern the Bank for being a publicly held company

- Subsidiary / representation office incorporation / closing

- Handling the relations with the related regulators in these matters.

- Strategic Planning Department, which formerly reported to the CEO, was affiliated to the Executive Vice President responsible for Finance and Treasury.
- Cash Management Department which reported to Corporate, Investment

Banking and Global Markets Executive Vice President was closed down; strategy and transaction banking, product management and business development functions were transferred to Corporate Customers Solutions, whereas sales and marketing functions were transferred to Corporate Banks Department.

- Organizational units that reported to Client Solutions and Digital Banking Executive Vice President were restructured as follows:
  - Retail Client Solutions unit was set up which will develop customer strategies for the retail segment, and undertake client solutions activities and management of customer asset products.
  - Client Solutions Data and Analytics unit was set up to handle data analytics strategies of the business line and to conduct associated data solutions and projects. Data science and data governance functions that worked under Mass Banking Marketing and Customer Experience and Service Model Management units were transferred to the new unit.
  - Sustainability organization was set up; accordingly, strategy, transformation and new business/ product development function and responsible business functions which were carried out by Investment Banking and Finance Department that reported to Corporate, Investment Banking and Global Markets Executive Vice President were transferred to

the new organization. It was decided that Sustainable Finance activities would continue under the Investment Banking and Finance Department roof.

- Payment Systems and Partnerships Executive Vice President position was set up; accordingly, the following changes were made:
  - Consumer Finance Department that formerly reported to the Retail Banking Executive Vice President was affiliated to the Payment Systems and Partnerships Executive Vice President.
  - Credit Cards and Member Merchants Coordination Department that formerly reported to the Finance and Treasury Executive Vice President was affiliated to the Payment Systems and Partnerships Executive Vice President.
  - Digital Asset Management organization was set up to execute Digital Asset Management project, to determine and manage the Bank's actions in this market.
- Organizations reporting to the Engineering and Data Executive Vice President were reorganized in line with changing needs:
  - Technology Center Director position was established under the Engineering and Data Executive Vice President position; accordingly, software development, architecture, infrastructure and operation functions now report to the new position.
  - It was decided that Data and

Advanced Analytics, Enterprise Security, Strategy and Control, Organization and Process Development and Abacus Operations Center business areas continue to report directly to Engineering and Data Executive Vice President.

- Payment Systems, Treasury and Investment Banking business area was renamed Payment Systems.

- Financial Operational Risk and Control organization that reports to the Finance and Treasury Executive Vice President was renamed Financial Control.

- Tax Management unit that reports to the Finance and Treasury Executive Vice President was renamed Tax Affairs Management.

- BBVA Coordination Department that reported to the CEO was closed down.

- Regional Credits Coordination Department that reported to the Chief Credit Risk Officer was closed down, and existing regional credit and agricultural credit coordination functions were transferred to the Commercial Credits Department.

- Customer Security and Transaction Risk Department, Security Operations, Security Technologies and Governance, and Corporate Physical Security functions that reported to the Engineering and Data Executive

Vice President will carry on with their activities under the Enterprise Security roof.

- Following the recent establishment of the Technology Center organization that reports to the Engineering and Data Executive Vice President, the authorization power delegated by Article 6(ii) of the Board of Directors decision dated 11 June 2020 numbered 2432 pursuant to the related provisions of the Regulation on Banks' Information Systems and Electronic Banking Services was revised as follows:
  - The power to approve information systems procedures and process documentation by the Board of Directors was handed over to the Unit Heads and managers of Technology Center, Enterprise Security, Data and Advanced Analytics, Strategy and Control, and Organization and Process Development organizations that report to the Engineering and Data Executive Vice President.

- Architecture and Technological Platforms business area organized under the Technology Center that reports to the Engineering and Data Executive Vice President was renamed Architecture and Technology Platforms.

- Responsibilities covered by Retail and SME Credits Risk Management organization that reports to the Chief

Credit Risk Officer were reorganized as follows:

- Risk Strategies Department and Credit Policies, Implementation and Analysis Department organizations were closed down and the relevant functions were reorganized on segment basis. Accordingly:
  - Retail Risk Strategies Department was organized which will be responsible for risk strategies, strategy process management, lending policies and portfolio analysis functions for the retail segment.
  - Commercial Risk Strategies Department was organized which will be responsible for risk strategies, strategy process management, lending policies and portfolio analysis functions for SME and Commercial segments.

## Board of Directors

### COMPOSITION 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 2022. 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.

The structure established by the Board of Directors for monitoring and overseeing the Bank's operations and for taking action can be grouped under 3 main headings: defining the general frameworks, monitoring risks via committees and internal systems units, and establishing the procedures through policies and internal guidelines. Accordingly, the Board of Directors defines and approves various target

parameters such as identified risk appetite parameters, growth targets, provisioning, NPL ratios, capital adequacy ratio, customer experience scores, net promoter scores and so on. The Board is notified of any deviations from these targets and/or ratios and questions the measures to be adopted. Via the Committees it has set up, audit and control activities carried out by internal systems units, and periodic reports issued and submitted to it in accordance with the afore mentioned activities, the Board monitors the activities of the Senior Management and follows up the actions taken. The Board also provides guidance to the Senior Management and units, and determines the procedures to be implemented on the basis of written policies and sets of guidelines that it has approved.

The Board of Directors monitors compliance, internal control and risk management policies and systems and fulfills its oversight mission to ensure effective operation of risk management within the frame of the three main principles mentioned above.

Committee structures have been established to ensure the information flow that will keep the Board members informed of the Bank's day-to-day activities and to take action quickly when needed. Some of these committees were established due to regulatory requirements, while some others are set up to more closely follow up the Bank's internal operation; the primary purpose is to be aware of and informed about the current topics on the Bank's Senior Management's agenda, to share opinions about the same, and to ensure monitoring of the decisions to be made. Via these committees, the Board of Directors conducts first-hand oversight and supervision of the senior management's activities. Operating under internal systems, the Internal Audit Department, Risk Management, Compliance and Internal Control units periodically report their activities to the Board of Directors via the Audit Committee.

In accordance with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) legislation, the Bank's compliance efforts

within the scope of AML/CFT are carried out by the Compliance Department that reports to the Board of Directors. At our Bank, the Board of Directors' oversight function in this respect is delegated to a Board Member in accordance with the legislation.

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.

There are four independent members on the Board of Directors. CMB requirements regarding Corporate Governance Principles stipulate that minimum three independent members must serve on the boards of directors of banks. Since the Board members assigned as members of the Audit Committee are deemed as independent Board members according to CMB regulations, Jorge Saenz-Azcunaga Carranza, Sema Yurdum and Avni Aydın Düren, who currently serve as Audit Committee members, are independent Board members. In addition, Mevhibe Canan Özsoy was elected an independent Board member at the Ordinary General Shareholders' Meeting convened on 31 March 2021. Quoted below is the declaration of independence by Mevhibe Canan Özsoy:

### TO TÜRKİYE GARANTİ BANKASI A.Ş. CORPORATE GOVERNANCE COMMITTEE,

I hereby declare that I stand for serving as an "independent member" on the Bank's Board of Directors pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board of Türkiye. In this context, I hereby declare as follows:

- a) I have not held a seat on the Bank's Board of Directors for more than six years in the past ten years,
- b) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity in which these shareholders have management control
- c) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties

and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years,

- d) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
- e) I am not a full-time employee of public institutions and establishments as at the date of nomination,
- f) I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law,
- g) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank's shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- h) I am capable of dedicating sufficient amount of time to be able to follow up

the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake,

- i) I am not serving as an independent board member in any company, which is controlled by the Bank or by shareholders having management control over the Bank,
- j) I will be serving on the Bank's Board of Directors as a real person and in this context, I have not been registered and promulgated in the name of any corporate entity elected as a board member."

No circumstances arose in 2022 fiscal year, which prejudiced the independence of independent Board members.

The positions held by our Bank's Board of Directors members in and out of the group are stated in their résumés. Pursuant to Article 396 of the Turkish Commercial Code, the General Assembly authorized the members of the Board of Directors of Garanti BBVA to execute a transaction of a commercial business nature that falls under the Bank's field of operation on their own or other's behalf or to become a partner with unlimited liability in a company engaged in the same kind of commercial affairs, during the reporting period.

### WORKING PRINCIPLES AND PROCEDURES OF THE BOARD OF DIRECTORS

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.

The Board of Directors, other than the powers given to the General Assembly under relevant laws or the Bank's Articles of Association, adopts resolutions regarding all kinds of acts and transactions necessary to fulfill the Bank's scope of activity, oversees the course of business, and prepares reports regarding the subjects to be brought before itself. The Board can also pass decisions to establish committees and commissions which may consist of the Board members for the purposes of enforcing its resolutions or internal auditing.

Board meeting agenda mainly covers topics that any Board member including the CEO demands to be discussed.

Executive Vice Presidents in charge of related business lines and relevant senior positions and responsible people are informed of the resolutions made.

In 2022, the Board of Directors resolved 20 decisions by satisfying the required quorums for meeting and decision.

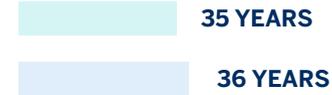
Working Principles and Procedures of Garanti BBVA Board of Directors can be found on [www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com), under Environment, Social and Governance section, Policies tab.

# Board of Directors

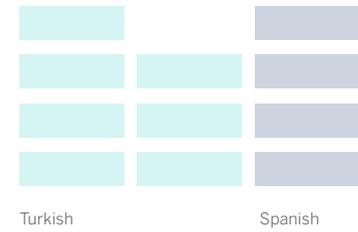
## AVERAGE TENURE



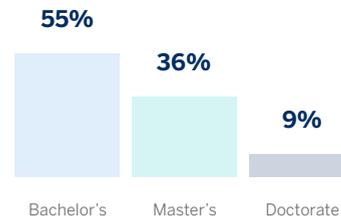
## AVERAGE EXPERIENCE



## NATIONALITY

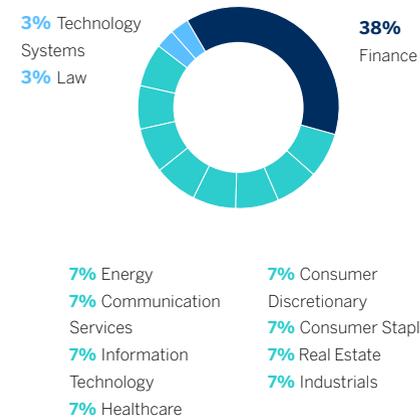


## EDUCATION



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



Experience: 42 years

4

**SÜLEYMAN SÖZEN**  
Chairman



Experience: 28 years

1 2 3  
5

**JORGE SÁENZ-AZCÚNAGA CARRANZA**  
Independent Board Member  
Deputy Chairman



Experience: 32 years

1

**RAFAEL SALINAS MARTINEZ DE LECEA**  
Board Member



Experience: 32 years

2 3

**BELKIS SEMA YURDUM**  
Bağımsız Yönetim Kurulu Üyesi



Experience: 33 years

1 6 7  
9 10 11  
14 15 16  
18 20

**RECEP BAŞTUĞ**  
Board Member  
CEO



Experience: 35 years

1 4

**DR. M. CÜNEYT SEZGİN**  
Board Member



Experience: 31 years

1 4

**JAIME SAENZ DE TEJADA PULIDO**  
Board Member



Experience: 31 years

2 3 6  
7 8 9  
10 13 14  
15 16 17  
18 19 20

**AVNİ AYDIN DÜREN**  
Bağımsız Yönetim Kurulu Üyesi



Experience: 36 years

5

**ERGUN ÖZEN**  
Board Member



Experience: 33 years

1 4

**PABLO ALFONSO PASTOR MUÑOZ**  
Board Member



Experience: 34 years

**MEVHİBE CANAN ÖZSOY**  
Independent Board Member

\*In order to guarantee adequate and balanced composition of the Board of Directors, renewal and election processes will encourage diversity of their members based on the needs of the Bank at all times. In particular, best endeavors will be spent to ensure balanced representation of women and men on the Board of Directors. To this end, a target has been set for the representation of the lesser-represented gender, namely, to endeavor that female directors constitute at least 25% of the Board of Directors by the end of the 2025 fiscal year and beyond.

**SÜLEYMAN SÖZEN****Chairman**

Süleyman Sözen is a graduate of Ankara University Faculty of Political Sciences and worked as a Chief Auditor at the Ministry of Finance and the Undersecretariat of Treasury. Since 1981, he held various positions in the private sector on the Board of Directors level primarily at banks and other financial institutions. Having served on the Board of Directors of Garanti BBVA since 1997, Mr. Sözen was appointed as the Vice Chairman on July 8, 2003 and then as the Chairman on September 19, 2017. Mr. Sözen holds a Certified Public Accountant license and serves as the Board Member of Santa Farma Pharmaceuticals and as the Board of Trustees Member of Teachers Academy Foundation.

**JORGE SÁENZ AZCÚNAGA****CARRANZA****Independent Board Member**

Deputy Chairman

Jorge Sáenz Azcúnaga earned his BS in Business Administration from Universidad Deusto. He developed his entire career in BBVA chronologically as Research Analyst, Corporate Strategist, Head of CEO's Office, Business Development (Commercial & Institutional Banking in Spain), Head of Strategy (Corporate Banking & Asset Management), Head of Strategy and Planning (Spain & Portugal) and between 2013 and 2015 as Regional Manager for the North of Spain. As of 2015, he serves as the Head of Business Monitoring Spain, USA and Turkey. In July 2016, he was appointed Head of Country Monitoring and Member of the Global Leadership Team in BBVA. Mr. Sáenz-Azcúnaga is a Member of the Board of Directors of BBVA Mexico. He serves as the Board Member of Garanti BBVA since March 24, 2016 and since his appointment as an Audit Committee Member of Garanti BBVA on March 31, 2016, he is deemed as an Independent Board Member of Garanti BBVA in accordance with the relevant regulations of the Capital Markets Board of Turkey. Mr. Sáenz-Azcúnaga was appointed as the Deputy Chairman of the Board of Directors on September 19, 2017.

**RECEP BAŞTUĞ****Board Member**

CEO

Recep Baştuğ graduated from Çukurova University Faculty of Economics. He started his career in Garanti BBVA Internal Audit Department in 1989. Mr. Baştuğ worked as Corporate Branch Manager during 1995-1999, Commercial Regional Manager during 1999-2004, Commercial Banking Marketing Department Coordinator during 2004-2012, and served as an EVP of Commercial Banking and Consumer Finance during 2013-2018. After serving briefly in various capacities on a number of Board of Directors at one of Turkey's largest industrial groups, on September 6, 2019, he was appointed as CEO at Garanti BBVA and also serves as Board Member. He is also the Chairman of the Board of Directors at Garanti BBVA International, Garanti BBVA Romania, Garanti BBVA Securities, Garanti BBVA Pension and Life, Garanti BBVA Factoring, Garanti BBVA Leasing and Garanti BBVA Payment Systems and he is Board Member at Garanti Holding B.V. and G Netherlands B.V.. In addition to his responsibilities, he also serves as the Board Member in the Banks Association of Turkey and as the Board of Trustees Member of Teachers Academy Foundation. Mr. Baştuğ has 33 years of experience in banking and business administration.

**SAİT ERGUN ÖZEN****Board Member**

Ergun Özen graduated from New York State University's Department of Economics and Advanced Management Program at Harvard Business School. He started his banking career in the Treasury Department in 1987 and joined Garanti BBVA in 1992. Mr. Özen served as the CEO of Garanti BBVA between April 1, 2000 and September 2, 2015, and has been a Member of the Board of Directors since 14 May 2003. Mr. Özen is the Chairman of Boyner Perakende ve Tekstil Yatırımları A.Ş. and Board Member of Atom Bank. Mr. Özen has 36 years of experience in banking and business administration.

**DR. MUAMMER CÜNEYT SEZGİN****Board Member**

Cüneyt Sezgin received his undergraduate degree from Middle East Technical University Department of Business Administration, his MBA from Western Michigan University and his Ph.D. from Istanbul University Faculty of Economics. Mr. Sezgin, served as an executive in the field of investment banking and risk management at various banks, prior to joining Garanti BBVA in 2001. In addition to serving as a Board Member of the Board of Directors of Garanti BBVA, Dr. Sezgin serves as a Board of Trustees Member of Teachers Academy Foundation, World Wildlife Foundation (WWF) Turkey and Kabataş Education Foundation and is a Board Member of Finance Executives Foundation of Turkey. Mr. Sezgin has been serving as a Board Member of Garanti BBVA since June 30, 2004 and has 35 years of experience in banking and business administration.

**JAIME SAENZ DE TEJADA PULIDO****Board Member**

Jaime Sáenz de Tejada Pulido holds undergraduate degrees from Universidad Pontificia de Comillas (ICADE) in both Law & Economics and Business Sciences and completed General Manager Program (PDG) at IESE Business School in 1999. Prior to joining the BBVA in 1993, he worked as a legal and tax adviser, in an American audit firm. In 1993 he was transferred to NY to head Risk Quality for the Americas. Between 1995- 1998, worked as the Commercial Department Manager at BBVA Uruguay, between 1998-2000 as Office Director for BBVA London, and between 2000 and 2005 as Head of BBVA New York and Corporate Banking for the Americas. In 2006, he was appointed as Country Manager for BBVA Peru and in 2008 as Regional Manager for BBVA in Madrid. During 2011-2012 he worked as Business Development Head for Spain and Portugal, before taking over the role of Head of Spain and Portugal in 2012 and member of BBVA Group Management Committee. Between 2014 and 2020 he served as the Chief Financial Officer (CFO). Mr. Sáenz de Tejada was appointed to his current role as BBVA Group Chief Risk Officer (CRO) in 2021. He has been serving as the Board Member of Garanti BBVA since October 2, 2014 and has 31 years of experience in banking and business administration.

### PABLO ALFONSO PASTOR MUÑOZ

#### Board Member

Pablo Alfonso Pastor Muñoz graduated from Deusto University in B.S. degree in Economics and Business Administration and earned his MBA from Ecole Des Affaires Paris (EAP Madrid). He started his career as Investment Analyst at Banesto (Chile and Argentina) during 1989-1991 and worked at Corporate Risk Unit during 1991-1998. He joined BBVA Group in 1998 and during 1998-1999 he worked at Country Credit Risk, 1999-2002 SMEs Credit Risk, 2002-2007 Corporate and Commercial Credit Risk, 2007-2010 New Developments & USA, 2010-2012 Corporate Banking Risk Management within Global Risk Management. During 2012-2015 he was Chief Risk Officer of BBVA Bancomer. During 2015-2017 he was responsible of Corporate&Investment Banking, Asset Management and Insurance within Global Risk Management. After serving as the Global Risk Management Head of Corporate and Investment Banking during 2017-2019, Pablo Alfonso Pastor Muñoz was serving as Global Risk Management Wholesale Credit Risk Discipline Head until March 2021 when he was appointed as Head of Global Risk Management for South America & Turkey. He has been serving as the Board Member of Garanti BBVA since March 31, 2021 and has 34 years of experience in banking and business administration.

### RAFAEL SALINAS MARTINEZ DE LECEA

#### Board Member

Rafael Salinas Martinez De Lecea holds a B.S. degree in Economics and Business Management from Universidad de Alicante and graduate degrees from the Center for Monetary and Financial Studies of the Bank of Spain (CEMFI), MSc in Econometrics and Mathematical Economics of London School of Economics and MBA from the Graduate School of Business of University of Chicago. He joined BBVA in 1991 as the Director of Derivative Products in BBVA Interactivos, S.V.B and developed all his professional career at the BBVA Group. Between 1998-2003, he worked as the Deputy Director of Assets and Liability Management of the BBVA Group. After working as the Head of Capital Base Management of BBVA+ileti, he was appointed as Garanti BBVA Integrated Annual Report 2021 the Chief Financial Officer (CFO) of Banco de Credito Local de Espana (BCL) in 2003. Between 2006-2015, he served as the Director of Risk & Portfolio Management of the Corporate and Investment Banking in BBVA. In 2015 he became Head of Global Risk Management and since 2021, he is the Global Head of Finance of the BBVA Group. Mr. Salinas has been serving as a Board Member of Garanti BBVA since May 8, 2017 and has 32 years of experience in banking and business administration.

### BELKIS SEMA YURDUM

#### Independent Board Member

Sema Yurdum graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences in 1979 and completed the Advanced Management Program at Harvard Business School in 2000. After working as a Human Resources Expert in a private sector company between 1979-1980, she continued her career in the banking sector between 1980-2005. She worked as an Executive Vice President of Garanti BBVA and held Audit Committee membership in various subsidiaries between 1992-2005. Offering management consultancy services since 2006, Ms. Yurdum was appointed as Independent Board Member at Garanti BBVA on April 30, 2013. Since her appointment as an Audit Committee Member on March 29, 2018 she is deemed as an Independent Board Member of Garanti BBVA in accordance with the relevant regulations of the Capital Markets Board of Turkey. Furthermore, Ms. Yurdum is a Board Member of Garanti BBVA Romania and has 43 years of experience in banking and business administration.

### MEVHİBE CANAN ÖZSOY

#### Independent Board Member

Mevhibe Canan Özsoy graduated from Istanbul University with Bachelor's Degree of Dental Medicine in 1985. She obtained her Master's Degree on Dental Medicine at the same University in 1987, and earned her MBA from Bogazici University in 1994 and then completed her Energy Technologies Master's Degree at Sabancı University in 2015. Before joining the pharmaceutical industry in 1990, Ms. Özsoy had her career as a Medical Dentist. She has occupied Sales & Marketing and commercial leadership positions in Hoechst Marion Roussel, Glaxo Wellcome, Sanofi Aventis operating in the pharmaceutical industry. She was appointed as Vice President in charge of Marketing International in 2007 at General Electric Healthcare, Paris. Ms. Özsoy was then assigned as Chief Marketing Officer at General Electric Healthcare, USA in 2009. She returned to Paris as General Manager of Global Mammography in 2011 and led the mammography business field of General Electric (GE). She was appointed as the Chairman and Chief Executive Officer at General Elektrik Ticaret ve Servis A.Ş. in 2012. Besides, she has been serving as the Chief Growth Officer in charge of Middle-East, North Africa and Turkey since 2017. Currently, Ms. Özsoy is Vice Chair of ABFT (American Business Forum in Turkey) and is on the Board of Trustees for SEV Foundation and Vice Chair of SEV Foundation. Ms. Özsoy was appointed as Independent Board Member at Garanti BBVA on April 4, 2019, and has 36 years of experience in banking and business administration.

### AVNİ AYDIN DÜREN

#### Independent Board Member

Aydın Düren graduated from the Faculty of Law at Istanbul University and earned his graduate degree on International Law from the American University, Washington College of Law. After serving as an associate, partner and managing partner for over 18 years at international private law firms in New York, London and Istanbul, Mr. Düren joined Garanti BBVA on February 1, 2009 as Executive Vice President in charge of Legal Services and Collections. On June 17, 2020 he was appointed as a Board Member and since his appointment as an Audit Committee Member he is deemed as an Independent Board Member of Garanti BBVA in accordance with the relevant regulations of the Capital Markets Board of Turkey. Since June 2015, serving as the Corporate Secretary of the Bank, Mr. Düren is also the Member of the Board of Directors, responsible for legal services. Furthermore, Mr. Düren is Vice Chairman of Garanti BBVA International and Garanti BBVA Pension and Assistance Fund Foundation, and Board Member of Garanti BBVA Payment Systems, Garanti Mortgage and Garanti Securities and Board of Trustees Member of Teachers Academy Foundation. Mr. Düren has 31 years of work experience in banking and business administration.

# Senior Management

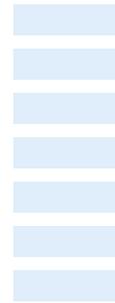


Left to right: **CEMAL ONARAN, CEREN ACER KEZİK, AYDIN GÜLER, TUBA KÖSEOĞLU OKÇU, MURAT ATAY, SİBEL KAYA, MURAT ÇAĞRI SÜZER, MAHMUT AKTEN, RECEP BAŞTUĞ, İLKER KURUÖZ, İŞİL AKDEMİR EVLİOĞLU**

# Senior Management

## GENDER

Male



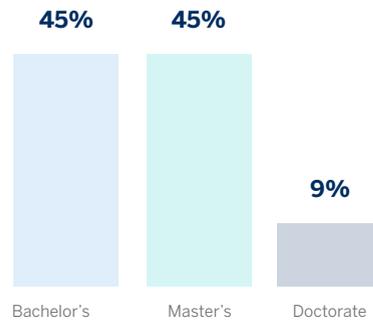
Female

## AVERAGE EXPERIENCE



26 Years

## EDUCATION



Bachelor's

Master's

Doctorate

## COMMITTEE MEMBERSHIP

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



Experience: 33 years



**RECEP BAŞTUĞ**  
CEO  
Board Member



Experience: 19 years



**İŞİL AKDEMİR EVLİOĞLU**  
Executive Vice President  
Client Solutions and Digital Banking



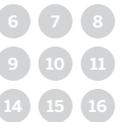
Experience: 18 years



**CEREN ACER KEZİK**  
Executive Vice President  
Retail Banking



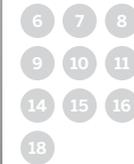
Experience: 32 years



**CEMAL ONARAN**  
Executive Vice President  
Commercial Banking



Experience: 24 years



**MAHMUT AKTEN**  
Executive Vice President  
Corporate and Investment Banking



Experience: 32 years



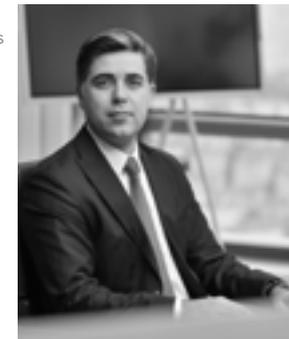
**AYDIN GÜLER**  
Executive Vice President  
Finance and Treasury



Experience: 31 years



**İLKER KURUÖZ**  
Executive Vice President  
Engineering Services and Data



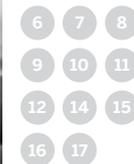
Experience: 17 years



**MURAT ÇAĞRI SÜZER**  
Executive Vice President  
Payment Systems and Partnerships



Experience: 29 years



**MURAT ATAY**  
Executive Vice President  
Chief Credit Risk Officer



Experience: 26 years



**SİBEL KAYA**  
Executive Vice President  
SME Banking



Experience: 26 years



**TUBA KÖSEOĞLU OKÇU**  
Executive Vice President  
Talent and Culture

## RECEP BAŞTUĞ

### CEO

Board Member

Recep Baştuğ started his career in Garanti BBVA Internal Audit Department in 1989. Mr. Baştuğ worked as Corporate Branch Manager during 1995-1999, Commercial Regional Manager during 1999-2004, Commercial Banking Marketing Department Coordinator during 2004-2012, and served as an EVP of Commercial Banking and Consumer Finance during 2013-2018. After serving briefly in various capacities on a number of Board of Directors at one of Turkey's largest industrial groups, on September 6, 2019, he was appointed as CEO at Garanti BBVA and also serves as Board Member. He is also the Chairman of the Board of Directors at Garanti BBVA International, Garanti BBVA Romania, Garanti BBVA Securities, Garanti BBVA Pension and Life, Garanti BBVA Factoring, Garanti BBVA Leasing and Garanti BBVA Payment Systems and he is Board Member at Garanti Holding B.V. and G Netherlands B.V. Having graduated from Çukurova University, Department of Economics, Mr. Baştuğ has 33 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board Member in the Banks Association of Turkey
- Chairman of the Board of Teachers Academy Foundation.

## MAHMUT AKTEN

### Executive Vice President

Corporate and Investment Banking

Mahmut Akten started his career in 1999 in the USA. After having served in various positions in the Finance and Treasury departments of a global construction materials company, in 2006, he joined a global management consulting firm. After working in the Boston and Istanbul offices between 2006 and 2012, and most recently as Associate Partner, he joined Garanti BBVA on July 1, 2012 as the Senior Vice President responsible for Mass Retail Banking. On January 17, 2017, Mr. Akten was appointed Executive Vice President responsible for Retail Banking, leading Retail Banking Marketing, Mass Banking Marketing, Affluent Banking Marketing and Consumer Finance. In addition, Mr. Akten has served as a Member of the Board of Directors of Garanti BBVA Mortgage, Garanti BBVA Romania, Garanti BBVA Securities, Garanti BBVA Payment Systems, and Garanti BBVA Pension and Life. On June 1, 2022, he was appointed to be responsible for Corporate Banking, Global Markets, Global Markets Business Solutions, Cash Management, Financial Institutions, Investment Banking and Finance, and Corporate and Investment Banking Strategy, Analysis and Coordination, and Sustainable Finance.

With an undergraduate degree from Boğaziçi University in Electrical and Electronics Engineering and graduate degree in Business Administration from

Carnegie Mellon University, Akten has 24 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

## TUBA KÖSEOĞLU OKÇU

### Executive Vice President

Talent and Culture

Ms. Köseoğlu Okçu started her career in 1994 as Conference Interpreter and in the meantime, served as lecturer at Bosphorus University. She started her HR career in 1997 and between 1997-2008 assumed various managerial HR positions at Dogus Group in Turkey, namely Performance Consultant at Garanti Bank, Executive Development Manager at Humanitas Dogus HR Management, HR Director at Dogus Holding and HR Coordinator at Dogus Automotive. Between 2008-2012, she worked as HR Organizational Development Coordinator at Eastpharma Deva Holding. On March 2012, she joined Hürriyet Print and Digital where she worked until October 2019 as HR Director and Member of Executive Committee. Between March 2020 and September 2022 worked as the Learning Director of Garanti BBVA. As of September 2022 she serves as the Executive Vice President responsible for Talent and Culture of Garanti BBVA. Ms Köseoğlu's areas of responsibility are Talent and Culture Partnerships

and Recruitment, Talent Solutions and Remuneration, Talent and Senior Management, Culture Employee Experience, Talent and Culture Education, Talent and Culture Projects, Internal Communication and Culture, Construction and Real Estate.

Tuba Köseoğlu Okçu graduated from Boğaziçi University, Department of Translation and Interpretation. Köseoğlu Okçu is also author of two published books ("Aklımda Deli Sorular" and "Bu Da Nereden Çıktı?") and has 28 years of work experience in the fields of education and human resources.

#### Memberships and additional responsibilities:

- Vice Chairman of the Board of Teachers Academy Foundation.

## CEREN ACER KEZİK

### Executive Vice President

Retail Banking

Ceren Acer Kezik started her career in 2005 in a global management consultancy firm. She mainly worked in banking, telecommunications, retail and private equity sectors along marketing, strategy and new business development functions. She joined Garanti BBVA on October 2012 as the Manager of Retail Mass Segment. As of April 2016, she was appointed as the head of new business unit SME Micro segment. Since 2017 she was also held responsible for Retail Mass Banking under Retail Banking business line. On June 1 2022, she was appointed

Executive Vice President responsible for Retail Banking, leading Retail Banking Marketing, Mass Banking Marketing and Affluent Banking Marketing. In addition, Mrs. Kezik serves as a Member of the Board of Directors of Garanti BBVA Mortgage, Garanti BBVA Securities, Garanti BBVA Payment Systems, and Garanti BBVA Pension and Life.

Ceren Acer Kezik who has an undergraduate degree from Bilkent University in Industrial Engineering and a graduate degree in Business Administration from Harvard University, has 17 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

## AYDIN GÜLER

### Executive Vice President

Finance and Treasury

Aydın Güler joined Garanti BBVA Fund Management Department in 1990. After working at different Head Office departments for 10 years, in 2000 he was appointed as Risk Management and Management Reporting Senior Vice President. Mr. Güler, who served as the Financial Planning & Analysis Department Senior Vice President between 2001-2013, was appointed as the Coordinator of the Department in 2013. On December 21, 2015, Mr. Güler was appointed as

Executive Vice President responsible for Finance and Treasury. Mr. Güler's areas of responsibility are Investor Relations, Financial Management, Cost Management and Efficiency, Financial Data, Performance Management and Budget Planning, Financial Reporting and Accounting, Tax Management, Assets & Liabilities Management, Financial Projects, Finance Risk and Controls, Purchasing, Credit Cards and Member Merchant Coordination. Mr. Güler also serves as a Member of the Board of Directors of Garanti BBVA Fleet, Garanti BBVA Leasing, Garanti BBVA Mortgage, Garanti BBVA Pension and Life, Garanti BBVA Factoring, Garanti BBVA Securities, and Garanti BBVA Pension and Assistance Fund.

Mr. Güler, who graduated from Istanbul Technical University Department of Mechanical Engineering, has 32 years of experience in banking and business administration,

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

## İLKER KURUÖZ

### Executive Vice President

Engineering Services and Data

İlker Kuruöz started his career in the USA in 1994. After working as Application Development Department Senior Vice President at Garanti BBVA Technology between 1997-2006, he

joined a global consultancy company and served as IT Consulting Senior Manager. Between 2006-2016, Kuruöz, served as Technical Solutions Division Head, Chief Information Officer, Chief Technology Group Officer and acting General Manager for a short period of time in a private communication and technology services company; between 2016-2018, Kuruöz continued his duty as the CEO at Doğuş Teknoloji and CTO at Doğuş Group. As of March 14, 2018, Mr. Kuruöz was as appointed Executive Vice President responsible for Engineering Services & Data. Mr. Kuruöz's areas of responsibilities are Technology Center, Data and Advanced Analytics, Strategy and Control, Enterprise Security, Organization and Process Development and Abacus Operations Center. Mr. Kuruöz is graduated from Bilkent University Computer Engineering Department with a bachelor's and master's degree and has 30 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

#### CEMAL ONARAN

##### Executive Vice President

Commercial Banking

Cemal Onaran started his career as Assistant Auditor in Garanti BBVA at the Audit Committee in 1990. Between

years 2000- 2007, he worked as the Regional Manager in various regions of Garanti BBVA in Istanbul. After the establishment of Garanti BBVA Mortgage in October 2007, he was appointed General Manager of Garanti BBVA Mortgage. After having served as the General Manager of Garanti BBVA Pension, since 2012, and Executive Vice President of Garanti BBVA responsible of SME Banking since January 17, 2017, Mr. Onaran was appointed as the Executive Vice President responsible from Commercial Banking as of February 2021. Mr. Onaran's areas of responsibility are Commercial Banking Anatolian Marketing and Commercial Banking Istanbul Marketing. Mr. Onaran also serves Vice Chairman at Garanti BBVA Mortgage and as a Member of the Board of Directors at Garanti BBVA Romania, Garanti BBVA Leasing, Garanti BBVA Factoring, Garanti BBVA Pension and Assistance Fund Foundation

Mr. Onaran graduated from Middle East Technical University with a degree in Public Administration in 1990 and has 32 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

#### SİBEL KAYA

##### Executive Vice President

SME Banking

Sibel Kaya started her career in 1997 as a Management Trainee at Garanti BBVA. She held managerial positions in the Commercial Banking department between 1998- 2005, Branch Manager and Commercial Branch Manager in various branches between 2005-2016, Aegean Region Manager between 2016-2018 and Human Resources Director between 2018-2021. On February 2, 2021, she was appointed as the Executive Vice President responsible for Garanti BBVA Small and Medium-Sized Enterprises (SME) Banking. Mrs. Kaya's areas of responsibility are SME Banking Marketing and SME Banking Network & Performance Management. She also serves as the Vice Chairman of the Board of Directors of Garanti BBVA Payment Systems, a Member of the Board of Directors of Garanti BBVA Pension and Life, Garanti BBVA Leasing, Garanti BBVA Fleet, and Garanti BBVA Factoring and Garanti BBVA Pension Mrs. Kaya graduated from Middle East Technical University, Faculty of Architecture, Department of City and Regional Planning and has 25 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

#### MURAT ATAY

##### Executive Vice President

Chief Credit Risk Officer

Murat Atay started his career in 1993 at Garanti BBVA as a corporate and credit analyst. He served as Corporate Branch Manager between 2000-2009, and between 2009-2012 he was General Manager of Garanti BBVA Romania and also served as Chairman of the Board of Directors at Motoractive, Ralfi and Domenia companies. Between 2012 and 2020, he served as Garanti BBVA Mortgage General Manager, and as of January 2021, he was appointed as the Chief Credit Risk Officer. Atay's responsibilities under credit risk management group include Corporate and Specialty Loans, Commercial Loans under the Credit Risk Management group; Under the Retail and SME Loans Risk Management group, Risk Strategies, Loan Policies Implementation and Analysis, Retail and SME Loans Evaluation, Corporate and Commercial Loans Structuring, Risk Planning, Monitoring and Reporting, Regional Loans Coordination; Risk Projects and Credit Risk Management Advanced Analytics. Atay also serves as the Vice Chairman of the Board of Directors of Garanti BBVA Leasing and Garanti BBVA Factoring, a Member of the Board of Directors of Garanti BBVA Securities and Garanti BBVA Romania.

Mr. Atay graduated from Middle East Technical University Department

of Political Science and Public Administration and earned his master's degree in Accounting from Yeditepe University, and doctoral degree in Banking and Finance from Istanbul Okan University. He has 28 years of work experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

#### İŞİL AKDEMİR EVLİOĞLU

##### Executive Vice President

Client Solutions and Digital Banking

İşil Akdemir Evlioğlu started her career in 2003 as a consultant at McKinsey, where she last served as a Associate Partner between 2003-2012. Between 2012-2017, Ms. Akdemir Evlioğlu served as the Vice President of Marketing at Garanti BBVA Payment Systems and as the CEO from January, 2017 to February, 2020. On February 29, 2020, Ms. Akdemir Evlioğlu was appointed as the Executive Vice President responsible of Customer Solutions and Digital Banking. Ms. Akdemir Evlioğlu's areas of responsibility are Retail Digital Solutions, Enterprise Clients Solutions, Corporate Brand Management and Marketing Communication, Insurance and Pension Coordination and Customer Communication Center. In addition, Ms. Akdemir Evlioğlu serves as the Vice Chairman of the Board of Directors of

Garanti BBVA Pension and Life and as a Member of the Board of Directors of SALT (Garanti BBVA Kültür).

Having graduated from Bilkent University Department of Economics and earned her master's degree in Business Administration from Kellogg School of Management Ms. Akdemir Evlioğlu has 19 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member and Board Member of Teachers Academy Foundation
- UN Global Compact (UNGC) Board Member and Sustainable Finance Working Group Co-Chair
- Integrated Reporting Turkey Network (ERTA) Board Member and Sustainable Finance Working Committee Co-Chair
- Member of Impact Investment Advisory Board (EYDK)
- UNICEF Turkey Business Advisory Board Member
- YASED Membership Representative

#### MURAT CAĞRI SÜZER

##### Executive Vice President

Payment Systems and Partnerships

Çağrı Süzer started his career in 2006 at Danone, where he worked first as sales manager and then as commercial marketing manager. He then joined McKinsey, a global consulting firm, in

2008 as a consultant. During his career at McKinsey between 2008 and 2013, he assumed the positions of Senior Consultant and Project Manager, and managed major projects in the financial services sector in a number of areas including sales and marketing, strategy, risk management, human resources and M&A in and out of Turkey.

Çağrı Süzer joined Garanti Payment Systems in 2013 as Marketing Coordinator, responsible for product management, CRM, digital marketing, customer satisfaction process management.

Having served as Assistant General Manager of Digital Channels and Commercial Cards at Garanti Payment Systems from 2015, Çağrı Süzer was brought to the position of Assistant General Manager of Marketing from January 2017. He has worked Executive Vice President of Retail Banking at BBVA America from 2017 to 2020. Mr. Süzer continues his career as CEO since May 2020 at Garanti Payment Systems and as Executive Vice President at Garanti BBVA since June 2022. Mr. Süzer's areas of responsibilities are payments systems and partnerships.

Mr. Süzer received his bachelor's degree in industrial engineering from the Middle East Technical University, pursued his graduate studies in INSEAD campuses in France and Singapore and received his MBA degree. He has 16 years of experience in banking and business administration.

#### Memberships and additional responsibilities:

- Board of Trustees Member of Teachers Academy Foundation

# Remuneration and Financial Rights

As published on the Bank's website, a Compensation Policy has been formulated for the Bank's employees in accordance with the banking and capital market legislation, and it has been approved by the Board of Directors.

The compensation structure consists of fixed income and variable income items. The Remuneration Committee and the Talent and Culture Unit authorized by this Committee are responsible for reviewing and duly executing the compensation policies.

Garanti BBVA's compensation policy is essentially based on "equal pay for equal work" and "pay for performance" principles. In addition to individual performance, the Bank keeps a close eye on general macro-economic circumstances, the current inflation rate in Türkiye and the trends in the sector. At the Bank, the salary package is comprised of various components including the monthly salary, annual bonus payments and premium payments, meal cards, foreign language payments and other benefits with variations depending on the level of seniority or the scope of work and the

location of the services.

The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements, and the upper limit of total remuneration to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are submitted for approval and determined at the General Shareholders' Meeting. As of 31 December 2022, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to TL 181 million 604 thousand. As the public disclosures regarding the remunerations and benefits provided to key managers including Board members are subject to the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively. There is an employee stock ownership program for "identified employees", which is described within the Compensation

Policy. As at year-end 2022, there are 27 identified employees serving at the Bank. In variable payments made to identified employees, at least 40% of the variable payment is deferred by a minimum of three years and at least 50% thereof is made by non-cash means in line with the principles in the "Guidelines on Good Compensation Practices in Banks".

The Remuneration Committee passed a decision setting out that the identified employees will be subject to withdrawal or cancellation of the variable pay.

The type and share of non-cash instruments used in variable payments are the same for all identified employees and there are not diverse practices. In variable payments made to identified employees, payment is made in cash and by non-cash means (linked to share certificates) in line with the principles in the "Guidelines on Good Compensation Practices in Banks". In payment practices that rely on non-cash means within the scope of 2022 variable payments of identified employees, Banco Bilbao Vizcaya Argentaria S.A. share will be taken as basis.

The Compensation Policy can be found at [www.garantibbvayatirimciliskileri.com](http://www.garantibbvayatirimciliskileri.com), under the Policies tab under the Environment, Social and Governance heading.

Members of the Bank's Board of Directors are paid attendance fees. The amount of the attendance fee is determined and approved at the General Shareholders' Meeting. In addition to the attendance fee paid to the Board members, it has been decided at the Ordinary General Shareholders' Meeting held in 2022 that payments to be made to those Board members who assume a specific position in the Bank and to independent Board members be determined by the Remuneration Committee that has been authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to set a maximum limit of TL 29,000,000 net for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2023.

Furthermore, other financial rights to be provided to the Senior Management consisting of the members of the Board of Directors, the CEO and Executive Vice Presidents are determined by the Remuneration Committee that is established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision

Agency. Under the provisions of the said Regulation, the Remuneration Committee has determined the manner of payments to Senior Management and the criteria for performance-based payments, by taking into account the European Union regulations and practices. Accordingly, Senior Executives receive performance-based payments in addition to their monthly salaries, which payments are determined by the Remuneration Committee based on objective criteria including the economic profitability and key performance indicators of the Bank, as well as subjective criteria based on the respective personal performance. The Remuneration Committee ensures that such payments do not negatively affect the Bank's capital adequacy ratio and continuity of the Bank's operations. Part of the performance-based payments are made in installments and spread over future periods.

At the Ordinary General Shareholders' Meeting held in 2022, the following information has been provided to the shareholders regarding the compensation principles applicable to senior management. "Our Bank has established and announced a compensation policy for all employees pursuant to applicable legislation. A fair, performance and success-based remuneration policy has been created.

Our Bank's Compensation Policy has been implemented as approved. The Policy is reviewed periodically. In

addition to the compensation policy covering the Bank's entire personnel, the Remuneration Committee continued to implement the policies it has set in relation to remuneration and bonuses to be paid to the members of the Board of Directors who assume administrative roles and to senior executives, which do not rely solely on profit. The Committee reviewed the same at certain intervals. The policy, which has been developed in line with the local legislation and international practices, continued to be implemented

Subject to the restrictions imposed by the banking legislation, the Bank may extend loans to Board members and executives. On the other hand, the loans to be disbursed by Garanti BBVA to the members of the Board of Directors and managers are restricted to specific framework by Article 50 of the Banking Law. The Bank does not disburse loans to the members of the Board of Directors and managers outside of the above mentioned framework.

The portion of 9.86% of the total personnel expenses figure for the benefits provided in 2022 to the Bank's employees including the Board members and senior management in the financial statements results from the performance-based bonuses of all employees and variable salary payments.

## GENDER PAY GAP

Wage comparison between different categories are given in the chart below in addition to female to male salary ratio (107%). Since each category has differences in terms of role, seniority, number of female and male employees

	Management*	Branch Manager/Mid Level Management*	Other*	General Average*
Salaries of Women vs. Men - 2022	0.87	0.85	1.07	1.07
Salaries of Women vs. Men - 2021	0.87	0.9	1.05	1.11

Management Level: Bank Directors, Regional Managers, Corporate and Commercial Branch Managers, Unit Directors  
Branch Manager/Mid Level Management: Branch Managers (Except Corporate & Commercial), Senior Officers and Officers  
Other: Bank Associates, Specialists and Assistant Specialists and Support Staff

\* The median value is given because the mean metric is negatively affected by extreme values (too high/too low). Garanti BBVA Technology personnel are included in the calculations

and performance, the wage comparison chart is affected by these variables. The observed differences are due to the factors mentioned, and the category-based results do not represent the wage gap between male and female employees.

In line with the principle of equal pay for equal work defined in the Bank's Compensation Policy, the Bank commits to protect the right of all employees to be paid in line with the work value of their role.

## DONATIONS MADE IN 2022

The total amount of aid and donations made by the Bank during 2022 is 24,589,939 TL .

The Bank, with the understanding of adding value to the community, mainly supports persons, NGOs, associations or foundations, public institutions and organizations operating in education, culture, art, environment and sports. Donations can also be made in order to promote Bank's corporate identity and expand the activities and banking.

Information on the amount of donations and aids made and on beneficiaries

are made public during the Annual Shareholders' Meeting as a separate agenda item.

### The amounts of major donations and the beneficiaries in 2022 are as follows:

BENEFICIARIES	AMOUNT (TL)
Turkish Marine Environment Protection Association (TURMEPA)	6.778.000,00
Teachers Academy Foundation (ÖRAV)	6.121.180,00
The Foundation for Children with Leukemia (LÖSEV)	2.514.001,80
Istanbul Foundation For Culture & Arts (IKSV)	2.461.110,00
Ayhan Sahenk Vakfi	1.775.000,00
Universities and Educational Institutions	1.670.823,50
World Wildlife Fund (WWF)	1.182.924,00
İzmir Chamber of Commerce	1.000.000,00
Other Foundations, Associations and Organizations	1.086.900,00

# 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. In addition, necessary actions are taken to ensure that the processes and documentation of the committees are systematically traced and recorded.

There are 9 committees approved by the Board of Directors. These committees are: Credit, Audit, Corporate Governance, Risk, Remuneration, Information Security, Information Technology (IT) Strategy, Information Systems (IS) Steering and Data Sharing committees.

In addition to these, there are Corporate Assurance, Portfolio Strategy, Asset Liability, Risk Management, Data Security and Protection, Cost Management and Efficiency, Corporate Crisis and Business

Continuity Management, Responsible Business and Sustainability, Operational Risk Admission and Product Governance, Integrity, and Information Systems Continuity committees.

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

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

In line with its responsible and sustainable business concept, and the importance it attaches to Corporate Governance and Sustainability Principles and ethical values, Garanti BBVA

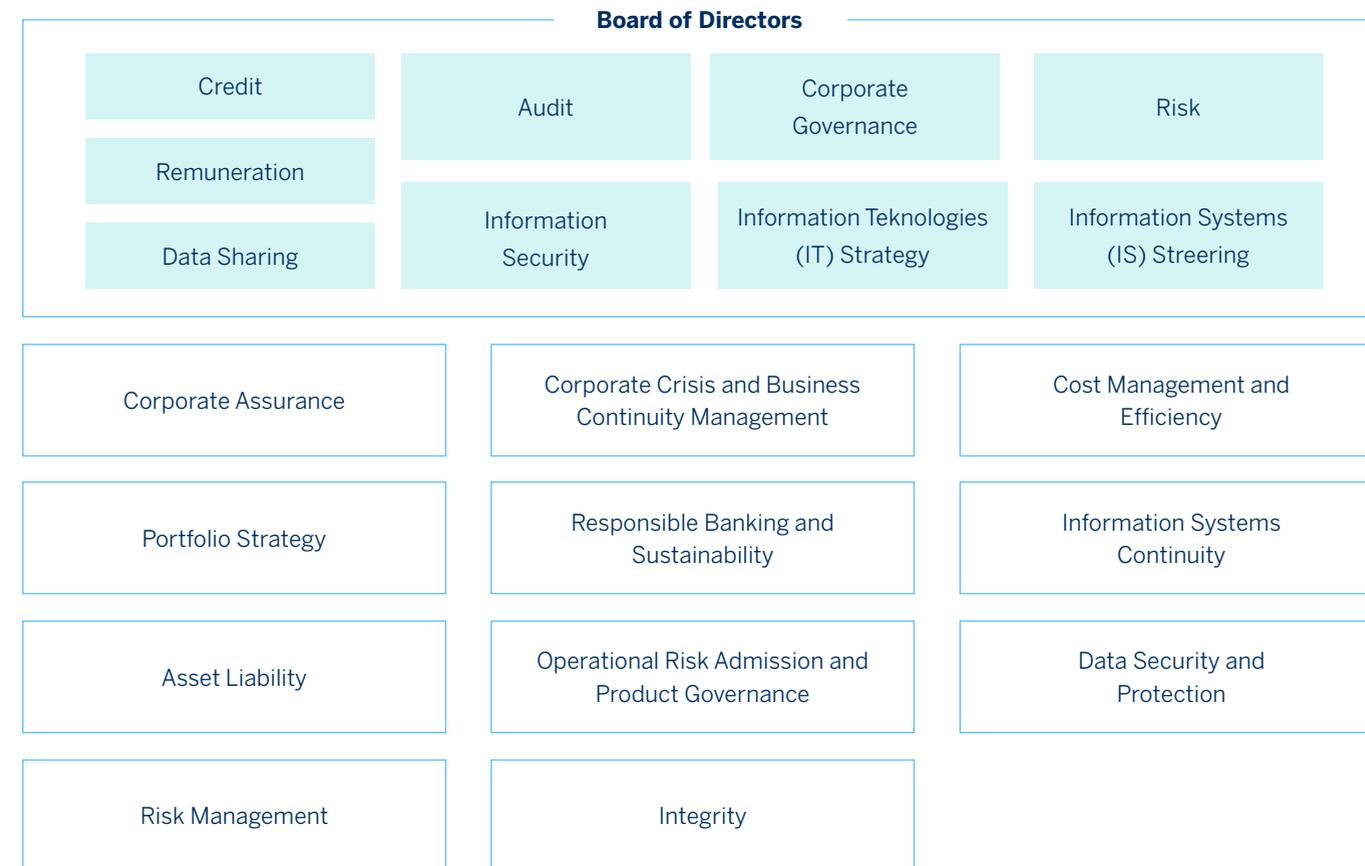
establishes a number of policies, codes and statements governing conduct and business relationships. In 2022, the Sustainability and the Corporate Social Responsibility Policies were revised.

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

## POLICIES

Personal Data Protection and Processing Policy	Anti-Money Laundering Policy	Climate Change Position Statement and Action Plan
Code of Conduct	Donation and Contribution Policy	Board of Directors Diversity and Suitability
Declaration of Human Rights	Compensation Policy	Working Principles and Procedures of the Board of Directors
Disclosure Policy	Employee Compensation Policy	Anti-Corruption Policy Statement
Dividend Distribution Policy	Environmental Policy	Competition Policy
Human Resources Policy	Environmental and Social Loan Policies	Corporate Social Responsibility
Sustainability Policy	Occupational Health and Safety Policy	Corporate Governance Policy

## COMMITTEES



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

# Risk Committee's Assessment

## OF RISK MANAGEMENT POLICIES, THEIR IMPLEMENTATION AND MANAGEMENT OF VARIOUS RISKS THAT THE BANK MAY BE EXPOSED TO

2022 has been a year in which the global economy slowed considerably due to the effects of Russia/Ukraine war and tightening steps of advanced economy central banks in response to high inflation. Turkey started the year facing the effects of the FX shock of Q42021 which, along with the effect of the war on food and energy prices, resulted in a rapid surge in inflation from about 20% in September 2021 to a peak of 85.5% in October 2022. Despite high and rising inflation, economic growth was robust at around 5% supported by private consumption and net exports. The adverse effects of the war on the current account balance and the inflation were addressed by a series of banking sector regulations related to selective loan policies and liraisation measures. As a response to these, loan growth slowed notably in the third quarter and

the share of Turkish Lira deposits has increased. Along with continued FX inflows through errors and omissions and other investments, these measures and Central Bank of Turkey's reserve management policies helped stabilize TL. Under this economic environment, the Bank continued to pay utmost attention to preserve its prudent, transparent and forward looking approach in the risk management activities.

In 2022, the Bank continued to proactively manage its capital position, which is assessed under different stress scenarios on a regular basis and took into account an integral and forward-looking view of all risks. Consolidated Capital Adequacy Ratio (CAR) which was 14.1%\* at the end of 2021, realized as 16.8%\* at the end of 2022, with the robust contribution of net income. With respect to liquidity risk, risk management focused on the maintenance of an adequate volume of stable resources and a diversified wholesale funding structure, which limit the weight of short term funding, ensure the access to the

different markets, optimize funding costs and preserve a cushion of liquid assets to overcome a liquidity survival period under stress scenarios. Despite the volatility in the market and numerous regulatory changes affecting the Bank's strategy, the liquidity position of the Bank kept its strong stance and proactive management continued.

In 2022, the Bank maintained its healthy asset quality while growing 79% in loans with a focus on TL portfolio. Due to strong growth in the performing loans and collections in 2022, Stage 2 ratio which accounted for 16.8% in 2021 decreased to 13.6% as of 2022 year-end. As a result of the achievements in collections and debt sales and write-down operations that were continued throughout the year, alongside with the strong growth in performing loan portfolio, the consolidated non-performing loan ratio, which was 3.6% at the end of 2021, stood at 2.6% at the end of 2022. In the period ahead, loan portfolio will continue to be managed through the policies and tools which enable effective decision-making,

appropriate collateralization process and prudential provisioning. 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.

Within 2022, 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. The maintenance of a moderate risk profile allowed to limit losses even under stress situations, which contributed to giving stability to income and promoting profitable growth and recurrent value creation. As a consequence of this approach, consolidated Return on Equity (ROE) reached out to 51.0% at the end of 2022, whereas it was at 19.7% at the end of 2021.

Within the framework of the risk appetite and risk based polices approved by the Risk Committee and the Board of Directors, in 2022, 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 2022 in order to assist the Board of Directors.

\* Excluding BRSA's forbearance measures.

# Audit Committee's Assessment

## OF THE OPERATIONS OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

The Audit Committee convened seven times in 2022 to oversee the effectiveness and adequacy of the Bank's internal control, internal audit and risk management. All of the heads of internal systems units attended all meetings and informed the Committee on their activities. Furthermore, managers of other related departments of the Bank also attended the meetings upon the Committee's invitation to discuss specific agenda items, when deemed necessary.

Via the reporting made throughout the year, the Committee oversaw the operation of accounting and reporting systems in line with the applicable regulations, and the integrity of the resulting information. The Audit Committee carried out the necessary preliminary assessments for the selection of external audit companies, rating companies, appraisal companies and support services providers by the Board of Directors and regularly

monitored the activities of those companies.

The Committee informed the Board of Directors about the following activities of the internal systems units every six months:

- The Committee reviewed the results of continuous risk assessment of the Internal Audit Department, annual internal audit plans, quarterly prioritizations, and plan revisions. The Committee verified that the scopes of planned and conducted audits covered the Bank's current and planned operations and resulting risks. The Committee reviewed conformity to the plans on a quarterly basis.
- Throughout the year, the Committee regularly received information about all critical and material findings covered in the audit reports, along with the action plans set and unmet deadlines. When needed, the Committee invited the responsible units to the meetings and closely monitored whether actions were taken for timely remedy of the findings.

- Via quarterly activity reports, the Committee reported to the Board of Directors its assessment of target achievement status of the audit plan, audit results, results of examinations and investigations, level and adequacy of the Committee members' professional education, the outcomes of quality assurance activities, and other undecided and material issues.
- The Audit Committee reviewed the results of the Internal Control Unit's activities and assessed whether these activities adequately covered the Bank's processes within the frame of applicable legislation and internal policies. The Committee also examined the results attained by the Committees for which it acts as the secretary by way of routine controls and other activities covered in the Unit's process examination procedure. The Internal Control Unit reported the material issues identified with controls to the Audit Committee throughout the year. The Unit also informed the Audit Committee about the quarterly activity reports presented to the Board of Directors. The Audit Committee monitored the

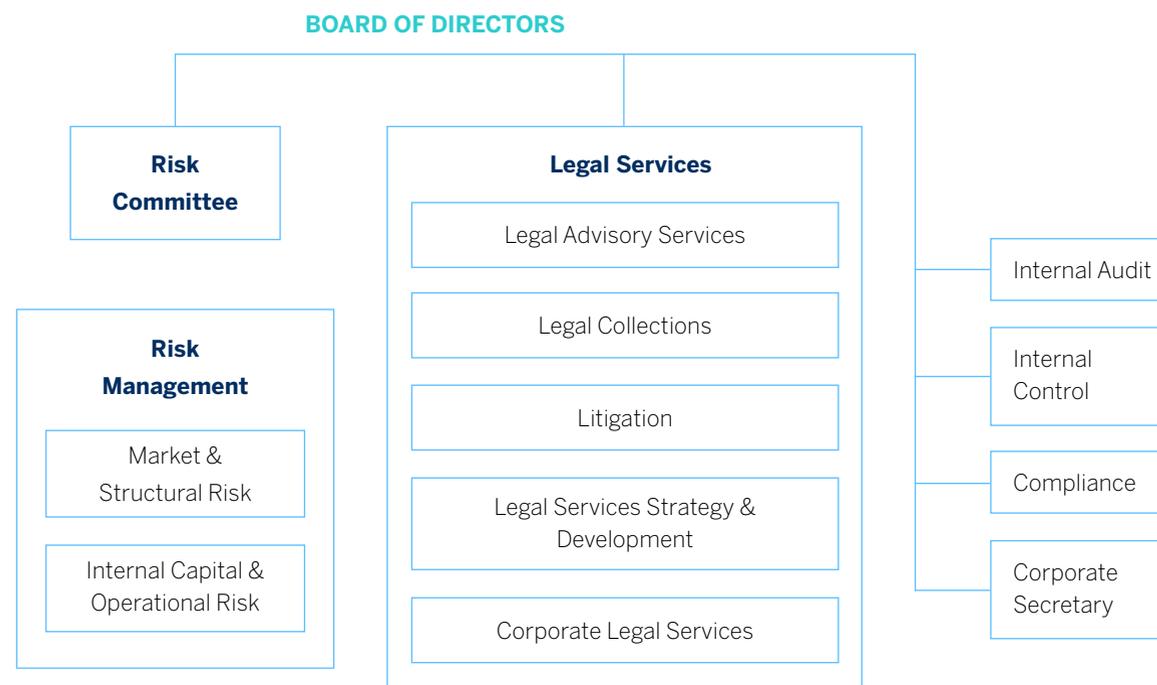
measures taken by the relevant unit heads in relation to the activities and their adequacy.

- The Committee oversaw the results of the compliance activities carried out across the Bank and its subsidiaries through the Compliance Department's reports and presentations, and ensured that material issues were submitted to the Bank's senior management and/or Board of Directors. The Audit Committee was informed about the amendments made to the legal, regulatory or supervisory frameworks related to Compliance and Ethics, as well as their implications for the Bank and its subsidiaries. The Audit Committee also followed up 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 Committee also monitored the key recommendations resulting from the tests conducted to verify the execution of risk mitigation measures and controls in terms of the management of compliance risks, and the current status of actions taken in relation to these recommendations.
- The Risk Management Department reviewed the risk appetite core metrics for capital adequacy, profitability, liquidity and funding, and metrics and limit thresholds by types of risks for monitoring and managing market, counterparty credit, structural interest

rate, structural exchange rate, credit, liquidity and operational risks on consolidated and unconsolidated bases and submitted them for the approval of the Risk Management Committee, Risk Committee and the Board of Directors. It reported the realizations in relation to approved risk appetite core metrics and limits to the Audit Committee on a quarterly basis. The Department conducted stress tests and scenario analyses along with internal calculations on the basis of risk types within the frame of ICAAP (Internal Capital Adequacy Assessment Process) and stress test reports pursuant to the regulations published by the BRSA. It presented the validations performed for models and parameters used in ICAAP studies to the Audit Committee. The Department monitored compliance of the risk models used by the Bank with the internal ratings-based (IRB) approach, assessed their use by the Bank and submitted the credit risk models monitoring report drawn up accordingly to the Audit Committee. The Risk Management Department provided information about its activities and professional training and competencies of the employees through quarterly activity reports. It presented risk review reports on market, counterparty credit, structural exchange rate and interest rate, liquidity and non-financial risks to the Audit Committee. The Department followed up important regulatory

changes and regulatory framework governing risk management and provided regular and continuous information flow to the Audit Committee.

# Internal Systems Governance



The Risk Committee is constituted by the members of the Board of Directors, and is responsible for overseeing risk management policies and practices, their alignment with strategic goals, capital adequacy and planning, and liquidity adequacy, as well as the management's ability to assess and/or manage various risks inherent in the operations.

Risk Management is composed of the Internal Capital and Operational Risk Department and the Market and Structural Risk Department under the execution and management of

the Head of Risk Management, and Validation, Credit Risk Control and Risk Management Control functions.

The responsibilities of the Head of Risk Management are outlined below:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates, and make sure that an integrated risk management system is implemented which measures all of the Bank's risks collectively, which guarantees that limits determined in connection

with the risk appetite approved by the Board of Directors are not breached, which is in compliance with applicable legislation, the Bank's strategies and policies, and which pursues risk-return relationship and entails control and validation activities,

- Define, measure, monitor and report risks, and ensure that all control activities are conducted thoroughly and timely; monitor and supervise results.

The responsibilities of the Internal Capital and Operational Risk Director are

outlined below:

- Propose operational risk, reputation risk and risk appetite principles which are then set down by the Board of Directors,
- Ensure that all operational risks are covered by the first and second lines of defense,
- Conduct measuring, monitoring and analysis activities for risk appetite, operational risk, regulatory liquidity and regulatory capital adequacy; report their results regularly to relevant units, committees and senior management,
- Coordinate the ICAAP (Banks' Internal Systems and Internal Capital Adequacy Assessment Process) workflow,
- Oversee affiliates' adherence to Enterprise Risk Management Framework.

The responsibilities of the Market and Structural Risk Director are outlined below:

- Propose market, counterparty credit, liquidity, structural interest rate and exchange rate risk principles which are then set down by the Board of Directors; review and update the same,
- Carry out risk-based measuring, modeling, monitoring and analysis activities; report their results regularly to relevant units, committees, and senior management,
- Perform market, counterparty credit, structural interest rate, exchange rate and liquidity risk-based activities within the scope of ICAAP, stress testing and risk appetite framework,

- and risk assessment for new business and products/services; monitor and report risk-based concentrations,
- Monitor affiliates' adherence to Enterprise Risk Management Framework

## THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD) carries out all its activities in complete compliance with the legal regulations and international internal audit standards as well as by taking global methodology into consideration. The IAD conducts on-site and remote audits with the aim of providing reasonable assurance about the effectiveness of risk management and control systems. Continuous risk assessment is employed to dynamically schedule these audits in the form of annual and multi-year plans and the IAD makes quarterly prioritizations so as to allocate its resources to the highest risk areas.

Pursuing its activities with a team of 160 people in total, the Internal Audit Department's organizational structure consists of auditors specialized on certain risks, program managers in charge of fieldwork of the audits, assistant directors fulfilling the functions of audit planning and communication of results with the auditees, and building blocks extending support for effective performance of the IAD activities.

Assurance provision makes up a substantial portion of the IAD's activities.

Advisory takes a growing share by the year, along with routine investigations and other activities, which further emphasize prediction and handling of future risks.

Having conducted 115 process audits, 234 branch audits, 84 examinations and investigations across the Bank and its subsidiaries during 2022, the Internal Audit Department oversees the audit results via a systematic finding follow-up process. The actions that have been and will be taken are reported primarily to the Audit Committee and the Board of Directors as well as to the senior management using various channels that include annual reports, committee meetings and periodic finding follow-up meetings.

The IAD has been employing agile methodology in all its audit activities since 2019. The flexibility enabled by the agile transformation affords a higher degree of autonomy to the auditors and help maintain a high level of productivity. The high level of agile maturity achieved in 2022 serves to attain higher productivity from the workforce and enables high added-value results.

The Internal Audit Department boasts a strong data team composed of data scientists with modeling capabilities and data specialists with advanced data analysis capabilities. Currently, one out of every three audits focuses on the data making active use of big data. Successful audit projects are carried out, which

employ advanced analytics and modeling such as machine learning, image processing and text mining.

Internal fraud detection that relies on rule-based monitoring are backed by machine learning by using as basis the past incidents, which helps keep operational risk loss figures low.

The senior management of the IAD supports the auditors' academic, technical and professional development in line with the Bank's talent and culture policies, and encourages them to obtain professional certifications and to complete graduate and post-graduate programs. Risk-based specialization

in audit fields and on-the-job training practices that accompany structured professional training serve to further increase the depth and quality of the audits performed.

The quality of the IAD's all activities extending from risk assessment to finding follow-up is assessed with end-to-end continuous internal quality assurance activities along with independent quality assurance activities conducted every five years. Action plans are determined as and when areas of improvement are identified, and auditors are supported with continuous training programs accordingly.

Keeping a close eye on the current internal audit practices in the banking industry at a global level, the Internal Audit Department also introduces new practices in line with continuous development principle.

The IAD uses the recently developed risk taxonomy in risk assessment, planning and reporting phases with the aim of responding faster to current needs and to address differentiated areas with greater depth. These risks are capital risk, conduct and compliance risk, credit risk, data management risk, environmental, social and governance (ESG) risk, fiduciary risk, financial and tax risk, fraud risk, governance risk,

information and data security risk, insurance and actuarial risk, legal risks, market risk, people risk, physical security and safety risk, strategy and business model risk, structural risk, technology risk, third party risks and transaction processing risk.

The IAD implements new audit methods in addition to risk-based process audits. The IAD measures and monitors new coverage metrics to ensure that the risk exposure of the Bank and its subsidiaries within the audit universe are captured in the multi-year plan in the most efficient and comprehensive way.

All these actions are intended to increase the coverage and effectiveness of internal audit activities.

**THE INTERNAL CONTROL UNIT**

The Internal Control Unit (ICU) is responsible for the establishment and coordination of a sound internal control environment within Garanti BBVA. ICU conducts second line of defense control activities and reports directly to the Board of Directors (BoD). It ensures that banking activities are carried out in accordance with the management strategies and policies as well as other existing regulatory framework and guidelines, in a regular, efficient and effective manner.

Internal controllers fulfill their roles and responsibilities in line with the "ICU Charter" and "Non-Financial Risk

Management Policy" which are approved by the BoD.

In this context, by the help of second line of defense control activities, it is ensured that segregation of duties principle is in place, relevant reconciliation mechanisms are established, operational risks the Bank is subject to, are defined and quantified. Besides, the control activities that are designed and carried out in the first line of defense are challenged in all the branches and Head Office departments either on-site or remotely for ensuring the adequacy, accuracy, and quality of those controls designed and implemented in the processes.

Third – party related risks are also assessed, monitored and controlled by the ICU. It is ensured that the internal processes regarding the procurements that are classified as "support services", are implemented accurately and fully compliant with the related legislation. In addition to "support services", operational risks that might be derived from "critical third parties" and "outsourcing" activities are also covered in ICU studies.

Information Technologies (IT) Internal Control Function, which is also a regulatory requirement, is structured in the ICU for ensuring that the Bank's IT processes are established with sound controls enabling that IT – related activities are carried out securely and in accordance with internal and

external rules and regulations as well as international standards.

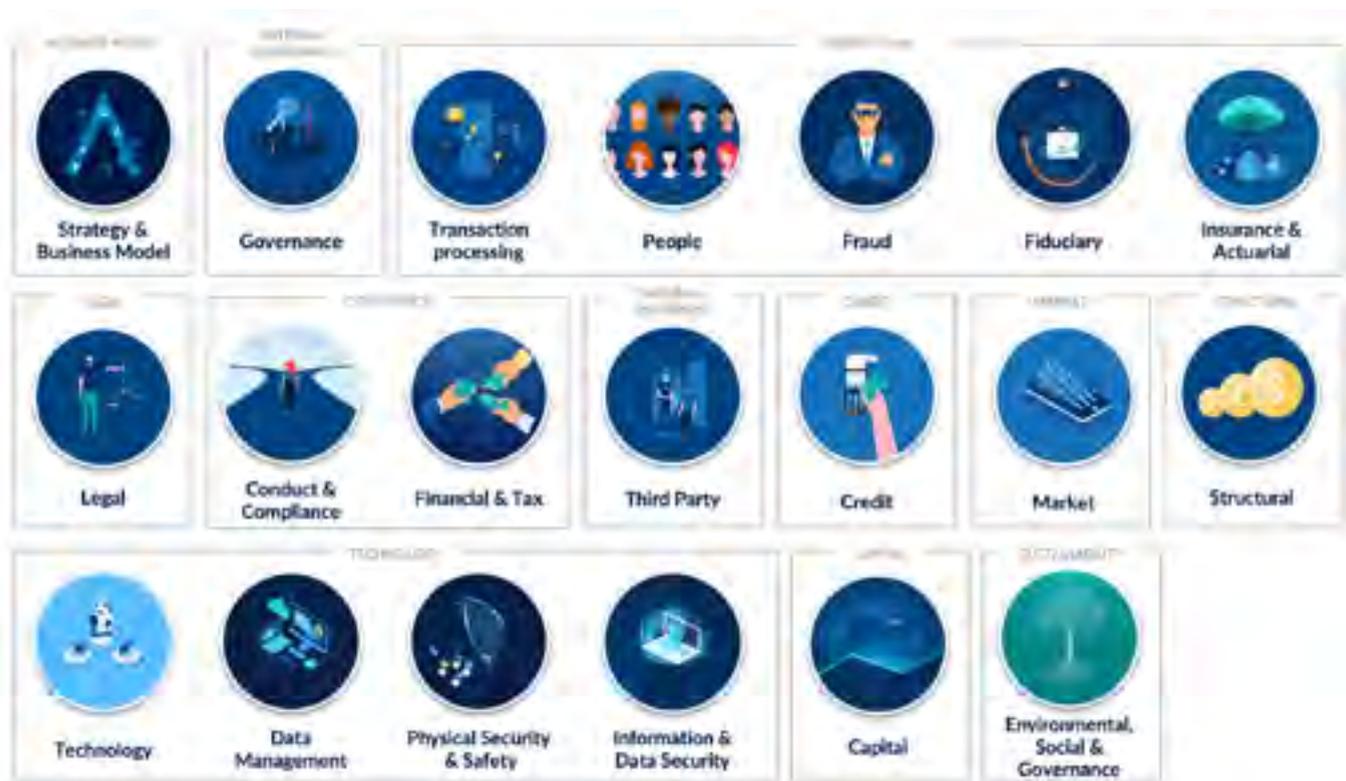
The Internal Control Unit also monitors and ensures that the internal control environments of the Bank's financial subsidiaries are adequately established and corporate standards are applied in those subsidiaries accordingly.

Findings and recommendations resulting from the control activities are reported to relevant parties and necessary actions are also followed up accordingly. ICU conducts secretariat role in main Bank committees that have responsibilities in assessing risk and controls about new initiatives such as; new product/service, new process/business, technology transformations, and outsourcing, before their implementation; and assessing and discussing main internal control issues and monitoring relevant action plans.

ICU also delivers trainings to Bank staff regularly either in-class or web-base for increasing and promoting the operational risk awareness among them.

**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 preventing proliferation of weapons of mass destruction, and handle the Bank's 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, countering financing of terrorism and preventing proliferation of weapons of mass destruction, and follow up its implementation,
- Look 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),
- Being a Turkish bank, comply with international sanctions fastidiously;

provide consultancy service to branches and units for compliance with international sanctions.

In terms of Customer Product and Services 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 the 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. Enforced upon its approval by the Board of Directors, Code of Conduct describes the standards

that need to be adhered to in order for actions to be in harmony with the values at the Garanti BBVA Group. There is an Ethics and Integrity Committee, whose mandate is to contribute to preserve the corporate integrity of the Bank.

The Compliance Department also manages the Whistleblowing Channel, which is generally used to report any noncompliance to the Code of Conduct. In the process that observes the anonymity of the complainant, all reports received through the Channel are processed carefully and promptly, ensuring they are investigated and resolved. The Whistleblowing Channel can be accessed by all employees, customers and suppliers (E-mail: EtikBildirim@Garantibbva.com.tr, Phone: +90216 662 5156).

Garanti BBVA is strictly adhered to the laws and ethical principles particularly in relation to anti-corruption. Garanti BBVA rejects categorically any corrupt practice and also expects the same from its employees and third parties; in addition, the Bank pledges to play an active role in the eradication and prevention of corruption, both in public and in private sector. To that end, Garanti BBVA has in place several internal policies, procedures and controls that complement, develop and elaborate on the principles and guidelines set out in section 5.3 of the Code of Conduct under the heading "Anti-corruption Policy". Garanti BBVA's Anti-Corruption

Policy has been prepared in accordance with the most rigorous national and international standards on the matter including the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA), taking into account the guidelines of international organizations for the prevention of corruption as well as those outlined by the International Organization for Standardization (ISO).

Garanti BBVA employees neither derive, nor offer or promise, directly or indirectly, payments, gifts, donations, job offers, sponsorships, privileged treatment or any kind of benefit to influence or attempt to influence decisions of third parties, individuals, public officers or authorities with the aim of obtaining unfair profits or advantages for the Bank's operations or for people working for the Bank. This prohibition also covers the so-called facilitation payments.

Detailed information can be found in the Anti-Corruption Policy and Code of Conduct documents under the Environment, Social and Governance > Policies tab at [www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com).

Garanti BBVA believes that fair competition is one of the essential principles of a well-functioning market, which benefits the development, progress and well-being of society. The purpose of Garanti BBVA Competition Policy is to create the framework of actions for preventing and detecting

practices preventing competition at Garanti BBVA or situations putting the Group at risk; outline the general guidelines on competitive situations; help determine events that require special attention, and provide recommendations as appropriate in suspicious cases.

The Competition Policy can be found under the Environment, Social and Governance > Policies tab at [www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com).

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 inside information or material 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 all 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 associated with the handling of the compliance risk in certain areas 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, Talent and Culture Department, Legal Department and Customer Experience and Service Management Department, as well as other relevant units.

# Internal Systems Managers



**ÖZLEM ERNART**  
Head of Risk  
Management

Özlem Ernart received her bachelor's degree in economics (in English) from Marmara University and her MBA from the City University of New York. She worked for various privately-owned banks and companies from 1993 until 2001, when she joined the Risk Management Department of Garanti BBVA. She held the position of Senior Vice President of Risk Planning, Monitoring and Reporting from December 2015 until July 2018. Ms. Ernart has been serving as the Head of Risk Management since July 2018. She has also been a member of the Board of Directors of Garanti Portföy Yönetimi A.Ş. since 28 September 2021.

The responsibilities of the Head of Risk Management are outlined below:

- Ensure that risk management culture is recognized and risk management principles are widely embraced throughout the Bank and its affiliates,

and make sure that an integrated risk management system is implemented which measures all of the Bank's risks collectively, which guarantees that limits determined in connection with the risk appetite approved by the Board of Directors are not breached, which is in compliance with applicable legislation, the Bank's strategies and policies, and which pursues risk-return relationship and entails control and validation activities,

- Define, measure, monitor and report risks, and ensure that all control activities are conducted thoroughly and timely; monitor and supervise results.



**BEYZA YAPICI**  
Director, Capital and  
Operational Risk

Beyza Yapıcı got his degree in labor economics from Marmara University. After joining Garanti BBVA's General Accounting Department in 2001, he worked in the Risk Management Department from 2008 until 2016. Mr.

Yapıcı has been serving as Capital and Operational Risk Director since April 2016.

The responsibilities of the Capital and Operational Risk Director are outlined below:

- Propose operational risk, operational risk admission and risk appetite principles which are then set down by the Board of Directors,
- Verify that all operational risks are covered by the first and second lines of defense,
- Conduct measuring, monitoring and analysis activities for risk appetite, operational risk, capital adequacy and liquidity adequacy; report their results regularly to relevant units, committees and senior management,
- Execute Internal Capital Adequacy Assessment Process (ICAAP) business process and Stress Testing Program,
- Oversee adherence to Enterprise Risk Management Framework in affiliates; ensure that an infrastructure for defining, measuring, monitoring and controlling risks is in place.



**SIDIKA DİZDAR**  
Director, Market and  
Structural Risk

Sidika Dizdar holds a bachelor's degree in mathematics from Boğaziçi University and an Executive MBA from the Middle East Technical University. She joined Garanti BBVA as a Management Trainee in 1996, where she worked in Research, Treasury, Financial Control, Risk Management and Ankara Commercial Regional Marketing units until 2002. In 2002, Ms. Dizdar began working for a private bank abroad followed by a twelve-year tenure with the Banking Regulation and Supervision Agency. She returned to Garanti BBVA in 2016 and joined Asset and Liability Management Department. Ms. Dizdar has been serving as the Market and Structural Risk Director since July 2018.

The responsibilities of the Market and Structural Risk Director are outlined below:

- Propose market, counterparty credit, liquidity, structural interest rate and exchange rate risk principles which are then set down by the Board of Directors; review and update the same,
- Carry out risk-based measuring, monitoring and analysis activities; report their results regularly to relevant units, committees and senior management,
- Perform market and structural risk-based activities within the scope of ICAAP, stress testing and risk appetite

framework, and risk assessment for new business and product/services; monitor and report risk based concentrations,

- Monitor affiliates' adherence to Enterprise Risk Management Framework; ensure that an infrastructure for defining measuring, monitoring and controlling risks is in place.



**EMRE ÖZBEK**  
Head of Compliance

Emre Özbek received his degree in business administration from Ankara University, Faculty of Political Sciences. He joined Garanti BBVA as an Assistant Auditor in 1999. He was appointed as the Assistant Director of the Internal Audit Department in 2007, as the Senior Vice President of the Internal Control Unit in 2009 and as the Head of Internal Audit Department in 2014. Mr. Özbek, who holds CIA (Certified Internal Auditor) and CBRM (Certified Business Resilience Manager) certifications and has 24 years of banking experience, has been serving as the Head of Compliance since 01 August 2015. His responsibilities as the Head of Compliance are outlined below:

- Ensure that the Bank's compliance activities are carried out in accordance with applicable legislation and Garanti BBVA's goals and policies,
- Carry out all necessary activities to achieve compliance with the regulations issued in relation to

prevention of money laundering and financing of terrorism, and provide necessary coordination and communication with MASAK (Financial Crimes Investigation Board),

- Develop the Bank's compliance policies, procedures and training programs in accordance with the legislation and ensure their effectiveness; carry out activities in relation to the identification and notification of suspicious transactions; provide the preparation of statistics on internal audits and trainings and inform MASAK, and fulfill the obligation of providing information and documentation to MASAK in conformity with the manner and methods defined by MASAK,

- Within the scope of compliance controls, ensure the compliance of the Bank's all current and future activities, transactions and products with the Banking Law and other applicable legislation, internal policies and rules, and with banking practices,
- Coordinate the activities within the scope of Personal Data Protection legislation,
- Develop recommendations for defining and mitigating compliance risks that may arise from regulatory changes,
- Ensure that code of conduct and other associated internal guidelines are established and managed,
- Coordinate all organization-wide activities for achieving compliance with competition regulations and rules,
- Monitor compliance functions of all domestic/overseas



### BARIŞ ERSİN GÜLCAN

Head of Internal  
Control

Barış Ersin Gülcan got his bachelor's degree in economics and his master's degree in HR management from İstanbul University. After starting his career as an Assistant Auditor at Garanti BBVA in 1997, he served in the Internal Audit Department for 10 years. During his 25-year experience in the banking sector, he functioned as Compliance Officer and Assistant Head of the Internal Audit Department. He assumed the position of Head of Internal Control in March 2014. Mr. Gülcan holds a CIA (Certified Internal Auditor) certificate since 2004 and a CPA (Certified Public Accountant) certificate since 2005. The responsibilities of the Head of Internal Control are outlined below:

- Ensure the establishment of the Bank's internal control system in accordance with applicable legislation and Garanti BBVA's goals and policies,
- Collaborate with senior management to define the principles and procedures governing the distribution of internal control tasks between operational employees and internal controllers of Garanti BBVA,
- Prepare the annual business plans of the Internal Control Unit and ensure that activities are performed in accordance with these plans,
- Verify that internal controllers possess the qualifications required by their

authorities and responsibilities,

- Supervise that internal controllers perform their duties in an independent, diligent and unbiased manner,
- Have the information obtained from examination/operational risk control activities, reports issued, and results of the analyses conducted interpreted; make recommendations to the relevant units for the establishment of new operational risk and control systems, adoption of necessary measures and creation of new procedures when necessary,
- Ensure supervision of internal control functions at affiliates.



### OSMAN BAHRİ TURGUT

Head of Internal Audit

Osman Bahri Turgut received his undergraduate degree in economics from Marmara University in 1990. He joined Garanti BBVA the same year as an Assistant Auditor, where he subsequently worked as Branch Manager, Assistant Director of the Internal Audit Department, Commercial Loans Senior Vice President, Internal Control Unit Manager and Head of Internal Audit and Control. Mr. Turgut, who has CMB certificates for Level 3 (Advanced Level License) and Corporate Governance and Derivative Instrument License, is also a member of the Board of Directors and Audit Committee at Garanti BBVA Leasing and Garanti BBVA

Fleet; a member of the Board of Directors and Corporate Governance Committee at Garanti BBVA Factoring; a member of the Board of Directors at Garanti BBVA Emekli ve Yardım Sandığı Vakfı (Pension Fund); and a member of the Audit Committee at Garanti BBVA Leasing SA, Garanti BBVA Consumer Finance SA and Garanti BBVA Ödeme Sistemleri (Payment Systems); a member of the Board of Trustees and Audit Committee at Teachers Academy Foundation (ÖRAV); a member of the Board of Directors at the IIA Turkey – the Institute of Internal Auditing – Turkey, and a member of the Audit Committee at WWF Turkey – World Wide Fund for Nature. He also gives "Risk Management in Financial Markets" graduate courses at İstanbul Ticaret University, Graduate School of Finance as a visiting professor and "Ethical Leadership" courses for students from various universities at EDMER (Association of Ethical Values Center).

The primary responsibilities of the Head of the Internal Audit Department in relation to the Department's activities are outlined below:

- Ensure that the activities of the Internal Audit Department are carried out in line with the regulatory framework, ethical and integrity principles,
- Verify that the activities of the Internal Audit Department are compliant with internal audit principles and practices published by the BRSA or generally accepted ones; ensure that guidelines, procedures and methodologies, along

with a suitable organization structure, are established for the performance of these activities,

- Effectively manage the Internal Audit Department in accordance with the goals set out in the Internal Audit Charter,
- Ensure that the Internal Audit Department remains independent and impartial, and inform the Board of Directors of any hindrance or bottleneck that can arise when conducting Garanti BBVA's activities, submit an annual explicit confirmation to the Audit Committee that the Audit function is being executed independently from management levels as a result of the personal assessment he/she will make,
- Ensure that the Internal Audit Department has adequate and appropriate tools and human resource to achieve its predetermined goals,
- Create the Annual Audit Plan in an integrated manner with the Multi-Year Plan,
- Prepare and implement contingency audit plans for audit needs that may arise due to regulatory changes or the Bank's specific needs,
- Submit the audit plan to the Audit Committee for approval, and conduct periodic reporting on the progress against the plan. Similarly, inform the Audit Committee of necessary major changes in the audit plan due to significant changes in the Bank's risk assessment or other circumstances,
- Inform the Board of Directors and the Audit Committee about the primary activities of the Internal Audit

Department on a quarterly basis,

- Submit a report -at least once a year- to the Audit Committee covering the audits conducted, the developments in the structure and internal governance of the Internal Audit Department, outcomes of quality assurance and improvement programs, HR management practices and declaration of independence,
- Inform the Board of Directors about the strategy he/she will devise for the audit function and associated action plans,
- Inform the Bank's Senior Management about the findings from the audits and suggested improvements.



### M. FERİDUN AKTAŞ

Corporate Security  
Director

M. Feridun Aktaş got his bachelor's degree in Electronics and Communication Engineering from İstanbul Technical University and his master's degrees in Electronics Engineering from Boğaziçi University and in Management (in English) from Marmara University. After working as an R&D engineer for approximately 3 years at a telecommunications company, Mr. Aktaş started working at Garanti BBVA Technology in 1997. From 2009, he concurrently served as Network Technologies Expert, IT Security Manager and Strategic Support Unit Manager at Garanti BBVA Technology and as IT & Data Security Unit Manager at Garanti

BBVA. He then worked as Director of Technology Governance and Security at a telecommunications operator for over 5 years starting from 2014. Mr. Aktaş rejoined Garanti BBVA Technology in October 2019, and currently serves as the Corporate Security Director. Corporate Security encompasses responsibilities for Garanti BBVA's Information Security, Anti-Fraud Monitoring and Physical Security as outlined below:

Information Security:

- Ensure the development and implementation of information security policies, procedures and guidelines and the management of IT risks based on international standards,
- Design, implement and operate IT Security infrastructure,
- Design, implement and operate Cyber Security functions against changing threats,
- Ensure business continuity planning and disaster recovery testing

Anti-Fraud Monitoring:

- Develop strategies and design, implement and operate necessary functions for minimizing financial and other losses that may arise from external fraud,
- Implement the arrangements that will ensure that business processes are protected, traceable and detectable against counterfeiting risk, together with the Bank's lines of business

Corporate Security:

- Assign Security Officers within the

framework of the current law and the Bank's needs,

- Design, configure and operate measures against all kinds of physical security risks in the buildings, branches and in the settings where cash transactions are made,
- Design electronic security systems, closed circuit monitoring and warning mechanisms in ATMs, branches and campuses/buildings, operate the "Alarm Center", and "Security Centers" in the buildings

To this end:

- Prepare the annual business plan and the budget and ensure that operations are carried out according to this plan,
- Ensure that all necessary compliance activities are carried out, reported and audit-related matters are managed before regulatory agencies for the functions within this scope,
- Ensure compliance of activities in this field with BBVA Group standards and best practices,
- Ensure that Corporate Security personnel perform their duties independently and impartially, exercising due professional diligence.



**ALİ ÖZGÜR  
TÜZEMEN**

Head of Data and  
Business Analytics

Ali Özgür Tüzemen got his bachelor's degree in economics from Bilkent University. He completed his MBA at İstanbul Bilgi University. During his 24-year career, he has worked in Retail, SME Banking Marketing and Sales, and Business Analysis fields. Since February 2018, he serves as the Head of Data and Business Analytics.

The responsibilities of the Head of Data and Business Analytics are outlined below:

- Develop advanced analytical models for areas such as understanding customer behavior and expectations, improving customer experience, estimating life cycles, identifying product needs and channel usage patterns, pricing, segmentation, process efficiency and fraud prevention,
- Develop data warehouse structure and determine its standards to help decision-making processes, create the necessary infrastructures for reporting activities,

- Produce the reports required by the legal authorities and external agencies on a timely and error-free basis,
- Establish the standards of the components of data governance, such as the assignment of data ownerships, definition and quality rules of data entities, and coordinate related work,
- In the process of generating value from data; contribute to the development of corporate culture, support employees by creating training content, and establish standards and policies.

## 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 methods and tools are utilized in measuring credit risk, operational risk, market risk, counterparty credit risk, structural interest rate risk, structural exchange rate risk, and liquidity risk.

End-to-end structured processes are run to design, improve, execute and regularly update the risk measurement models, whose reliability is ensured by way of internal validations.

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 that consists of risk appetite statements and metrics and is integrated with the budgeting process, 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 appetite metrics related to capital, liquidity, and profitability and risk-based limits are monitored regularly. The Internal Capital Adequacy Assessment Process (ICAAP) flow and stress testing program are carried out with the participation of all related parties across the Bank. The results of capital planning based on macroeconomic scenario and risk-based stress test analyses are assessed by the Board of Directors and submitted to the BRSA.

Being a bank of systemic importance, the "Recovery Plan" created to set and define the potential recovery measures and the decision-making process in case of a hypothetical and material deterioration of capital and liquidity metrics is updated annually and shared with the BRSA every year.

Risk assessment is performed also for the Bank's new product and service developments and risk mitigation measures are determined with the involvement of related parties; the resulting risk mitigation framework

is evaluated as to its suitability by the relevant committees.

Effective risk management is ensured through continuous automation and improvements in measurement and reportings.

### DEFINED RISKS AND THEIR MANAGEMENT

The following risks that the Bank is exposed to are defined and managed in accordance with policies approved by the Board of Directors. Within the scope of the ICAAP and stress testing program process, the internal capital required for credit risk, counterparty credit risk, market risk, structural interest rate risk, structural exchange rate risk and operational risk is calculated annually; stress tests and scenario analyses are conducted and the results are evaluated.

### CREDIT RISK

Credit risk is defined as the change in a creditor's ability and willingness to pay its debts and fulfill all contractual obligations due to adverse economic conditions or unexpected developments,

which result in the potential loss exposure of the Bank. For the entire credit portfolio, the “probability of default” generated by credit risk models, “loss given default” calculated using the Bank’s internal data, and “risk amount” parameters are used to calculate the internal capital requirement, which is then monitored as a metric.

Credit risk management, which is a process for consistent assessment and monitoring of credit risks, covers all credit portfolios. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank. Up-to-date analyses are performed for risks that do or are expected to gain the foreground in a given period. Stress test analyses are regularly renewed and their results are assessed. Level of compliance with the credit management guidelines issued are evaluated by all units linked to credits, referred to necessary committees, and decisions and actions are taken accordingly.

In view of the risk-based return, the Board of Directors sets limits for credit portfolios, introduces additional or revised limits depending on current needs. Limits are reviewed more frequently in extraordinary situations. Internal capital limits for credit portfolios are determined and monitored. Impact analyses are conducted for internal capital requirement according to the regularly reviewed credit risk parameters. Systems are designed to use risk-based measurements in various areas such as pricing, portfolio management and so on.

Necessary risk rating or scoring models are developed for the Bank’s credit portfolios, which models are created to ensure optimal categorization of customers with respect to credibility and to rate them according to objective criteria. Outputs of the internal risk rating and scoring models developed for each portfolio is an important component of the loan allocation process and is also used for measuring default risk of a given customer and portfolio, and for conducting expected loss, internal capital requirement, provision for expected credit loss under TFRS9, risk-based pricing and risk-adjusted return analyses. All models and methodologies are subjected to qualitative and quantitative validation. In addition, periodic model monitoring is carried out for taking action as necessary.

**While the Bank’s credit growth in 2022 was TL portfolio-driven, it maintained its healthy asset quality, and the NPL ratio stood at 2.6% at year-end 2022.**

#### COUNTERPARTY CREDIT RISK

Counterparty credit risk (CCR) means the risk of a counterparty, which is a party to a transaction imposing an obligation on both parties, defaulting before the final payment included in the cash flow of the transaction in question. It is defined as the potential risk to be sustained by the Bank in the event of the counterparty’s failure to perform its obligations.

The Bank constantly measures, monitors and creates limits for this risk. The Bank manages the counterparty credit risk that it measures using the fair value measurement method as required by the regulation for derivatives, repo, securities and commodity lending transactions according to the measurement results calculated using the internal model method. Accordingly, risk mitigation techniques are utilized through such practices as international framework agreements, collateral and margin call mechanisms to the extent allowed by the national and international legislation. The measurement model employed is validated at least annually.

The Bank also calculates internal capital for each counterparty credit risk using the loss given default and probability of default parameters calculated for each counterparty based on the internal model.

#### MARKET RISK

Market risk is defined as the risk of loss that the Bank’s on and off-balance sheet positions may be exposed to within the frame of exchange rate risk, commodity risk, interest rate risk and equity position risk resulting from the changes in market prices.

Market risk is effectively managed by measuring and limiting risk in accordance with international standards, and allocating sufficient capital, as well as risk mitigation through hedging transactions

and within a structure that is readily compatible with the constantly evolving and changing new market conditions and regulatory framework using methods and models recognized in international best practices.

Besides measuring regulatory capital requirement using the standard method, the Bank utilizes the Value-at-Risk (VaR) model for identifying, measuring and assessing market risks. Regulatory capital requirement and internal capital requirement based on VaR are also calculated and monitored as a metric for the portfolio the Bank maintains for trading purposes. In this context, VaR is a measure of the maximum expected loss in the market value of a portfolio of a certain maturity as a result of market price fluctuations, at a specified probability within a certain confidence interval. While VaR is calculated using historical simulation method and two-year historical data at 99% confidence interval at Garanti BBVA, regular back testing is conducted to measure the reliability of the VaR model. Regularly reviewed depending on need, the model is validated on an annual basis at a minimum.

Market risk is closely monitored and managed using risk mitigation aligned with the risk appetite and trading policies, creation of an effective control environment and limits. To this end, economic capital, VaR and stop/loss limits approved by the Board of Directors are employed. Limit levels are determined

according to annual profit/loss targets and new business strategies. The Bank’s market risk exposure is limited with the desk based VaR and risk factor sensitivity limits, in addition to the aforementioned Board of Directors limits, and the set limits are monitored and reported daily to the senior management and related committees. The stress period used in stress VaR calculations is regularly reviewed, and updated as necessary.

In addition, to identify the risks that might arise from market volatilities, regular stress tests and scenario analyses are conducted using the VaR model.

**Although market risk factors sustained major volatilities in connection with domestic and global macroeconomic developments in 2022, market risk limits were put on closer watch and the profitability of the Bank’s trading portfolio could be preserved sustainably.**

#### OPERATIONAL RISK

Operational risk is defined as the probability of loss resulting from human error, inadequate or failed internal processes, improper communication with respect to customers, markets or organizations, failures, interruptions or faults in systems or communication, improper data management, and external events including regulatory risk, cyber

attacks, external fraud, natural disasters and faulty services rendered by suppliers.

Operational risk is managed based on the three lines of defense approach. Operational risk appetite and associated limits are determined by the Board of Directors, and the senior management ensures that the operational risk management framework is consistently and effectively implemented and maintained across all operations, processes and products. Formed of business and support units, the first line of defense is responsible for the principal management of the operational risk in products, operations, processes and systems within the frame of the Bank’s policies and procedures. The second line of defense consists of the Risk Management Department, Internal Control Unit and Compliance Department units, which assist the senior management in understanding and managing the operational risks that the Bank is exposed to and support the Board of Directors with respect to monitoring operational risk management activities. The Internal Audit Department that constitutes the third line of defense carries out internal audit activities, and assesses the operational risk management framework independently from all aspects.

Operational risk loss data covering the Bank and affiliates are collected, analyzed and reported to define, measure, monitor and mitigate operational risks. Risk and Control Self-Assessment that defines

operational risks and measures controls including their risk mitigating impacts serves to identify potential weaknesses, and necessary actions are followed up. Key Risk Indicators that point out major risks are defined, and monitored within the frame of determined thresholds. As part of stress testing, low-frequency, high-impact operational risk incidents included in the scenario portfolio are analyzed in detail.

**In 2022, losses were highly limited as a result of powerful management of operational risks in view of the increased gross revenues in connection with the Bank's activities.**

### STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is defined as potential variations in the Bank's net interest income and/or total economic value resulting from the alterations in interest rate.

Structural interest rate risk is assessed in terms of repricing risk, yield-curve risk, basis risk and optionality risk, measured as per international standards and managed through limitations and mitigations through hedging transactions. It is measured using income/expense and economic value approaches. The income approach takes into account the potential changes in the Bank's net interest income resulting from the changes in interest rates. The economic value approach

analyzes the impact of changes in interest rates upon the Bank's current value.

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 monitored in the banking book. In risk measurements, the more real-like status of various balance sheet items and risks such as basis risk, optionality risk are included in the calculations using periodically reviewed and continuously improved behavioral models such as loan prepayment and deposit models. The risk metrics calculated and the reports generated are used in the balance sheet interest rate risk management under the supervision of the Asset and Liability Committee.

Stress tests and scenario analyses are carried out within the framework of structural interest rate risk to measure the risks resulting from Bank-specific negative developments or major risks and vulnerabilities that may potentially arise in the economic and financial environment under stress, by observing the regulatory and internal interest rate risk management requirements. Results of stress tests are used as input for determining risk appetite, limit and budget related works, for generating balance sheet management strategies,

and for evaluating the need for capital. Furthermore, the interest rate risk in the banking book is measured on an unconsolidated basis, using the standard shock method; the regulatory limit is monitored and reported to the - BRSA on a monthly basis.

**2022 has been a year of high volatilities in interest rates in domestic and global markets alike; hence, management of interest rate risk has become critical for the finance sector. To minimize the potential variation risk in the Bank's net interest income and total economic value due to the potential changes in interest rates, structural interest rate risk continued to be managed cautiously.**

### STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is defined as the potential impact of negative exchange rate fluctuations upon the capital adequacy ratio and FC risk-weighted assets, in the case that the Bank performs material operations in currencies other than the local currency in its balance sheet or maintains positions for the sake of preserving capital.

Structural Exchange Rate Risk is monitored according to internal limits and reported. The analyses conducted in this

framework are expanded to encompass potential sensitivities that may result from Bank-specific negative events or changes in the market by supervising the regulatory and internal structural exchange rate risk management requirements. In addition, the Bank's FC position and the profit/loss movements resulting from this position are monitored and reported at regular intervals.

**Having started with the impacts of the currency shock of 2021 Q4, 2022 has seen the introduction of a series of banking industry regulations concerning liraization measures. Structural exchange rate risk continued to be managed cautiously and capital was preserved against exchange rate fluctuations.**

### REPUTATIONAL RISK

Reputational risk is defined as the Bank's risk of loss due to negative views of stakeholders such as customers, employees, shareholders, suppliers, competitors and supervisory authorities or loss of trust in the Bank or reputation impairment as a result of non-compliance with existing legal regulations. The Bank considers and manages its reputational risk within the frame of the Board of Directors approved policy, avoiding all kinds of transactions and activities that would cause reputational

risk in the eyes of customers, legal authorities and other stakeholders. Awareness trainings are held about reputational risk throughout the Bank for encouraging all employees to fulfill their duties and responsibilities.

In order to ensure efficient management of reputational risk across the Bank, it is aimed to monitor the Bank's reputation and reputational risk through a methodological approach and to take all necessary precautions before the reputational risk occurs. Through this methodology, the Bank regularly defines and reviews a map in which it prioritizes the reputational risks it faces, together with a set of action plans to mitigate these risks. It defines key risk indicators for each risk factor to regularly monitor the strength of risk mitigation. The risks and risk factors are defined in dimensions such as customer-centeredness, workplace, ethics and citizenship, finances and leadership.

Additional activities for monitoring reputational risk include monitoring the media, the press and social media platforms with respect to the Bank's reputation, conducting a regular reputation analysis and managing potential impacts; ensuring continued awareness of compliance with laws, corporate standards, Code of Conduct and best practices, and development of processes that guarantee management of IT/information security and IT-related risks.

Reputational risk factors cover many aspects from marketing practices, customer service to product terms and are governed through the relevant committees within the Bank's extensive committee structure.

 Detailed information can be found in the Committees Section on the website.

### ENVIRONMENTAL AND SOCIAL RISK

Banks face risks associated, in particular, with occupational health and safety and with financing activities that could result in adverse impacts on the environment and society. Failure to timely and duly address these risks may result in reputational damage and consequently a loss of investor support and customer loyalty, among other challenges.

Garanti BBVA sees its proactive management of these risks, such as those arising from climate change, not only as critical to its success but also as one of its most essential duties to its stakeholders. Through its effective approach to sustainability embedded throughout its organization, the Bank monitors a variety of environmental, social and occupational health and safety indicators, benchmarks itself against best practices worldwide, takes steps to close the gap, raises the awareness of employees and collaborates with its peers, financial institutions, customers and business associations.

The Bank also implements an Environmental and Social Impact Assessment Process (ESIAP) in line with international best practices to perform an effective risk assessment of its loan portfolios and to ensure active risk management, and monitors climate-related physical risks and transition risks.

Within the scope of ESIAP, the Bank ensures that the projects financed by the Bank satisfy the social and environmental standards required by legislation and the Bank's policies. If necessary, the Bank also ensures that the project owners undertake an impact assessment, take prescribed measures, adopt sector-specific good practices, and establish adequate control mechanisms

As of end-2022, various units across Garanti BBVA are responsible for managing environmental and social risks.

The Bank has a Sustainability Team of 6 full-time members, a Sustainable Finance Team, which comprises of 4 full-time members within Investment Banking and Finance Department, and Environmental and Social Impact Assessment team comprised of 2 full-time advisors. Reporting to the Responsible Banking and Sustainability Committee chaired by the Executive Vice President in charge of Client Solutions and Digital Banking and meets with the participation of the CEO representing the Board of Directors, the teams' responsibilities regarding the management of environmental and social risks include the following: evaluate

policies, strategy and implementation principles for environmental and social risk management; ensure that risk management principles are widely embraced throughout Garanti BBVA and its subsidiaries through controls at different levels; provide technical and implementation support on E&S risk-related measures to customers and other departments. At Garanti BBVA, the implementation of Environmental and Social Loan Policies related to ESIAP processes is the responsibility of Corporate and Commercial Loans Risk Management, Retail and SME Loans Risk Management and all related business lines, Investment Banking and Finance Department and/or the Sustainability Unit.

The application scope of the environmental and social risk management system can be reached at the Environmental and Social Risk Management section on the website.

### COUNTRY RISK

Country risk is defined as the default risk other than ordinary commercial risks the Bank, its overseas branches and financial subsidiaries face in their dealings with counterparties that are not residing in the same country (counterparties residing in a country different than the one taking the risk).

Country risk is evaluated and monitored on the basis of individual countries using methods compliant with international

norms and local regulations. Country risk is monitored and reported on the basis of individual countries on consolidated and unconsolidated bases. Actions are taken to make sure that the Bank's country risk exposure remains within the set limits, and related reporting, control and audit systems are established as necessary.

### CONCENTRATION RISK

Concentration risk refers to any concentrations among different types of risks or in any individual risk, 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.

Risk concentration resulting from the interaction of different risk positions within an individual risk category with one another is defined as "risk-based concentration", and that resulting from the interaction of different risk positions between different risk categories as "inter-risk concentration". Internal capital requirement for credit concentration risk is calculated separately on sector and individual bases. Qualitative and quantitative assessments of concentrations on the basis of individual risks apart from credit risk and concentrations among risks are addressed in reports produced according to risk-oriented policies and procedures.

### LIQUIDITY RISK

Liquidity risk is defined as the risk of the Bank's failure to fulfill its payment liabilities on time and without incurring an additional cost due to insufficient cash holdings or cash inflow of the level and quality to finance its cash outflows fully and timely due to cashflow instabilities.

Liquidity risk is managed under the supervision of ALCO and the Weekly Review Committee in order to take appropriate and timely measures in case of liquidity squeeze arising from market conditions or the Bank's financial structure. Under the Liquidity Contingency Plan approved by the Board of Directors, liquidity risk is monitored within the scope of stress indicators and thresholds anticipating potential liquidity stresses which could activate the liquidity contingency plan, activation of the communication procedure, predefined measures and action plans and roles and responsibilities in a stress situation. Liquidity risk stress test is performed to identify potential liquidity tensions and to ensure that the Bank has a sufficient liquidity buffer to face exceptional liquidity stresses. Liquidity risk is monitored by internal limits in order to assess the funding structure and liquidity capacity based on maturity buckets and to manage short term funding sources effectively, while compliance with regulatory liquidity ratios is ensured. Deposit behavior modeling is performed for deposits, which is an important balance sheet item in terms of liquidity

management. Concentrations in liquidity and funding risks are monitored. Intraday liquidity risk is monitored regularly using defined metrics. Under the contingency plan covered in the liquidity and funding risk procedure approved by the Risk Committee, situations anticipating intraday liquidity stress, which could activate the contingency plan, are monitored, and stress testing is performed for intraday liquidity risk. Within the scope of internal liquidity assessment process, liquidity planning is performed annually.

Liquidity stress test results for affiliates are monitored and it is ensured that affiliates which are important with respect to liquidity risk establish and monitor internal liquidity and funding limits to assess the robustness of their liquidity and funding structures.

In addition to the routine activities performed as part of liquidity risk analyses, with respect to sustainability, acts included in the Environmental, Social and Governance (ESG) principles were sorted within the frame of stress test projections in line with the Bank's strategy, providing assignment of higher renewal rates and integration of this strategy within liquidity risk documentation in 2022. Furthermore, stress testing projections were reviewed quarterly in 2022 in terms of consistency and caution. During the year, TL loans/deposits metric that presents a constantly changing limit level were monitored with reference to the sector.

During 2022, a close eye was kept on domestic and global macroeconomic events, numerous regulatory changes resulting from associated macro prudential actions, the Bank's new product and service initiatives and budgeting processes. The effect of relevant changes upon liquidity metrics were analyzed regularly, and shared with the Bank's senior management.

In 2022, consolidated stress testing analysis was designed and the results were followed up throughout the year as part of consolidated monitoring. The Bank's liquidity position preserved its solid stance and proactive risk management was sustained. The Liquidity Coverage Ratio, which refers to highly liquid assets held by financial institutions for continued fulfillment of short-term liabilities, remained robust throughout the year and the 2022 last quarter average was registered as 215.6%.

**MODEL RISK**

Model Risk is the Bank's potential risk of loss resulting from decisions made based on flawed model outcomes, due to errors in development or use of the model for unintended purposes.

Model risk refers to potential risks that may arise during the life cycle of risk models. The Bank aims to minimize the model risk and manages it using the model risk management framework created.

**RISK MANAGEMENT IN AFFILIATES**

The Bank closely monitors risk management activities carried out at affiliates with a holistic risk management perspective, in conformity with the international best practice norms in risk management, and in alignment with each company's own risks, operations and arrangements. The Bank determines the needs for risk management of affiliates and ensures that required studies and reports commensurate with the structure, complexity, size and risks of the related affiliate are effectively managed in coordination with risk management units/functions in affiliates. Necessary work is carried out with affiliates in accordance with market conditions and legal regulations to align risk management policies, rules, procedures and risk limits with the Bank. Risks associated with affiliates,

risk measurement results and other risk management activities are monitored.

The Bank's risk management oversees and evaluates the risk management activities carried out at affiliates, and supports them with the methodology needed in this respect. Consolidated perspective is also applied as and when appropriate.

**In 2022, monitoring activities at the Bank's affiliates were further expanded given the high number of regulatory changes and activity in financial markets in the reporting period.**

# General Shareholders' Meetings

General Shareholders' Meeting is held in accordance with the resolution adopted by the Board of Directors. For reaching the highest number of shareholders possible, the General Meeting announcement including the meeting date, venue, agenda and similar information is duly announced at least three weeks prior to the meeting date as per the provisions stipulated in the Communiqué via the Turkish Trade Registry Gazette, Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)), e-Investor: Investor Information Center, e-Company Companies Information Portal ([www.mkk.com.tr](http://www.mkk.com.tr)), e-General Meeting Electronic General Meeting System ([www.mkk.com.tr](http://www.mkk.com.tr)), the Bank's websites and two national newspapers. The Bank invites all stakeholders to the General Shareholders' Meeting, who will be voiceless during such meetings. Before the meeting, balance sheets, income statements and annual reports are made available for review by shareholders within the timeframe determined in the applicable legislation on the Garanti BBVA Investor Relations website, at the Head Office and at all branches. In General Shareholders' Meeting, agenda items are discussed and submitted for the shareholders' approval. Shareholders

are entitled to ask questions, express their opinions and submit proposals regarding the agenda items. Questions are handled and answered in accordance with the regulations of the Capital Markets Board as well as the principles and procedures specified in the Turkish Commercial Code. Proposals are submitted for approval at the General Shareholders' Meeting and become effective if approved by the specified majority. The meeting minutes and the list of attendants of the General Shareholders' Meeting are posted on the Public Disclosure Platform (KAP), e-Company Companies Information Portal, e-General Meeting Electronic General Meeting System, and Garanti BBVA Investor Relations website on the same day, and is published in the Trade Registry Gazette following its registration. Resolutions adopted in the General Shareholders' Meeting are carried out in accordance with the legal procedures within due time. Pursuant to the provisions of the Regulation on Electronic General Meeting at Joint Stock Companies and the Communiqué on Electronic General Meeting System Applicable at General Assemblies of Joint Stock Companies, attendance to, and voting at, the General Shareholders'

Meeting via the Electronic General Meeting System is permissible. In addition, holders of depositary receipts have the right to vote and can do so at the General Shareholders' Meeting. The minutes and the list of attendants of the General Shareholders' Meeting are available to shareholders on Garanti BBVA Investor Relations websites. These documents can also be obtained from the Subsidiaries and Shareholders Service. Garanti BBVA held its Ordinary General Shareholders' Meeting for the period 01 January 2021-31 December 2021 on 31 March 2022 and the meeting quorum realized at 63.93%. Media representatives did not attend the General Shareholders' Meeting. At the meeting, one shareholder lodged a statement of opposition, and expressed demands; in response, necessary information has been given within the frame of the CMB regulations and the principles and procedures set out in the Turkish Commercial Code. There were no transactions in the reporting period for which the decision was left to the General Assembly of Shareholders by reason of dissenting votes cast by independent board members

# Compliance with Corporate Governance and Sustainability Principles

T. Garanti Bankası A.Ş. ("Garanti Bank" or "Garanti" or "the Bank" or "Garanti BBVA") complies with the corporate governance principles set out by the banking legislation, capital market legislation, the Turkish Commercial Code and ancillary regulations, and pays the utmost attention to implement these principles. Garanti BBVA accordingly updates its annual reports and website, making them available to its stakeholders. The shareholders can access comprehensive information, get information about the latest developments and activities from the regularly updated Garanti BBVA Investor Relations website, and can address their questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.

In keeping with Garanti BBVA's commitment to corporate governance principles, information about the Bank's compliance with non-mandatory

principles under the Corporate Governance Communiqué numbered II-17.1 is provided under the related headings of the Corporate Governance Principles Compliance Report. In addition, disclosures within the scope of Sustainability Principles Compliance Framework as per the Communiqué (no: II.17.1a) amending the Corporate Governance Communiqué (no. II.17.1)" whereby necessary additions were made on 02 October 2020 to Articles 1 and 8 of the Corporate Governance Communiqué are provided under the related headings.

The Corporate Governance Committee, responsible for overseeing compliance with corporate governance principles and for ensuring that relevant improvement efforts are carried out at the Bank, was established in February 2013, pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué

Serial: IV-56 on the Determination and Implementation of Corporate Governance Principles issued by the CMB, which was effective at the time. In 2022, the Committee held 2 meetings with full participation of its members. The Board of Directors deemed that the activities performed by the Corporate Governance Committee in 2022 were efficient, appropriate, adequate and compliant with the relevant legislation.

The activities of the Corporate Governance Committee are presented in detail on the Investor Relations website. On the other hand, Garanti BBVA, during 2022, 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.

Section	Full Compliance	Partial Compliance	N/A	Exempted	No Compliance
Shareholders	15	0	1	0	1
Disclosure and Transparency	5	0	0	0	0
Stakeholders	20	0	0	0	1
Board of Directors	18	3	1	0	1
<b>Total</b>	<b>58</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>3</b>

Type	Full Compliance	Partial Compliance	N/A	No Compliance
General	12	0	0	0
Environmental	25	1	0	0
Social	17	0	0	0
Governance	2	0	0	0
<b>Total</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Corporate Governance Principles Compliance Report and Information Form

Corporate Governance Principles	Compliance Report					Explanation
	Yes	Partial	No	Exempted	Not App.	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Contrary to what is suggested in the principle numbered 1.5.2, there is no provision in the Bank's Articles of Association to extend the use of minority rights to those who own less than one twentieth of the outstanding shares. Shareholders constituting at least one twentieth of the capital are entitled to request the Board of Directors to summon the general assembly for a meeting, by specifying the grounds therefor along with the agenda, which should both be put in writing, or if the general assembly is already scheduled to meet, then to request the addition of matters they wish to be decided to the agenda, under Article 411 of the Turkish Commercial Code No. 6102. As and when such a request is received, the Bank takes the utmost care for facilitating the exercise of minority rights. In-line with our Bank's proactive, transparent and consistent communication strategy, utmost care is given to ensure that information is delivered with equal opportunities for everyone at all times. Bilingual Investor Relations (IR) web site, mobile applications developed in Turkish and English offer constant and worldwide access to the relevant information by focusing on the needs of the whole investors. Garanti BBVA Investor Relations websites contains stock data, corporate information, periodically published financial statements and annual reports, information about corporate governance, sustainability and projects that add value to the society. This website also gives access to Material Event Disclosures pertaining to developments regarding Garanti BBVA, which are disclosed to the public via the Public Disclosure Platform. This website also responds to all sorts of user needs with the Investor Kit that contains basic, practical information and the Download Center function that covers all documents.

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			Contrary to what is suggested in the principle numbered 3.2.1, there are no written internal regulations in the the participation of employees in Management. However, employees are provided with the opportunity to comment on all projects and activities carried out in line with the Bank's strategic priorities, ensuring their involvement in decisions. Senior and middle-level managers participate in decision-making mechanisms via 20 committees.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					The Bank's paid-in capital is TL 4.2 billion ; and it has subscribed to a Directors and Officers Liability cover with a limit of Eur 110 million (BBVA and Garanti BBVA included) for the individual liabilities of executives and Board members arising from their improper conduct.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					Board of Directors Diversity and Sustainability Policy was first published on July 08, 2021. In this policy, there is a target of 25% of the Board of Directors to be composed of female members by the end of 2025.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attended the majority of the board meetings in person.		X				All meetings were conducted pursuant to the provisions of law and Bank's internal regulations especially the Turkish Commercial Code, Bank's Articles of Association, and Board of Directors working principles and procedures documents.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Board members' external commitments are presented for the information of shareholders at the General Meeting. The Bank's Board members comply with the banking legislation regarding the external entities they can serve. There is no internal written regulation specifying any limitations in this respect.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			When the number of members of the Board of Directors and the number of members of the Board of Directors may take part in more than one committee. On the other hand, the only committee established according to the Corporate Governance Principles is the Corporate Governance Committee (with the functions of the Nominating Committee). There are three members of the Board of Directors in the Corporate Governance Committee. Other board committees (Risk, Credit, Audit and Remuneration) were established in accordance with the Banking Law No. 5411.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					

## Compliance Report

Corporate Governance Principles	Yes	Partial	No	Exempted	Not App.	Explanation
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.					X	
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements, and the upper limit of total remuneration to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are submitted for approval and determined at the General Meeting of Shareholders. As of 31 December 2022, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to 181 million 604 thousand TL. As the public disclosures regarding the remunerations and benefits provided to key managers including Board members are subject the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively.

## CORPORATE GOVERNANCE PRINCIPLES INFORMATION FORM

## 1. SHAREHOLDERS

Remarks / Related Links

## 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year

In 2022, Garanti BBVA Investor Relations team participated in 18 investor conferences and roadshows and held in total 215 meetings with investment funds.

## 1.2. Right to Obtain and Review Information

The number of special audit request(s)

None. The appointment of a special auditor has not been set forth as an individual right in the Articles of Association of the Bank. However, pursuant to Article 438 of the Turkish Commercial Code No. 6102, shareholders have the right to request a special audit from the General Assembly of Shareholders, whether included in the agenda or not, in order to clarify certain aspects within the frame of exercising shareholders' rights, provided that shareholders making such request have previously exercised the right to obtain or review information as stipulated in the Turkish Commercial Code. So far, Garanti BBVA has not received any request for the appointment of a special auditor. If such a request is received, then the Bank will take maximum care for facilitating the exercise of such special audit right.

The number of special audit requests that were accepted at the General Shareholders' Meeting

None

## 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (ad)

<https://www.kap.org.tr/en/Bildirim/1014674>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Turkish: <https://www.garantibbvainvestorrelations.com/tr/kurumsal-yonetim/olagan-genel-kurul-toplantilari/Olagan-Genel-Kurul-Toplantilari/452/0/0>  
English: <https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0>

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

None

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)

None

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)

None

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Donation-and-Contribution-Policy/99/410/0>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/265119>

The number of the provision(s) of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

While the Articles of Association does not contain any provisions to that effect, the Bank invites all stakeholders to the General Meetings of Shareholders, who will be voiceless during such meetings. Hence, such invitation is explicitly stated in the invitation to the General Shareholders Meeting.

Identified stakeholder groups that participated in the General Meeting of Shareholders, if any

General Meeting minutes are available to shareholders in media and locations stipulated by applicable legislation. The members of the media did not attend the General Meeting convened in 2022. The Bank invites all stakeholders to the General Meetings of Shareholders, who will be voiceless during such meetings.

	Remarks / Related Links
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	There are no voting privileges
The percentage of ownership of the largest shareholder	85,97%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of association	No
If yes, specify the relevant provision of the articles of association	None
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Dividend-Distribution-Policy/96/407/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Dividend-Distribution-Policy/96/407/0</a>
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors' proposal for the distribution of the Bank's 2021 Balance Sheet Profit was laid down for approval at the General Meeting of Shareholders held on 31 March 2022 and approved with majority of votes. It is resolved that, from the after-tax profit of the Bank for the year 2021 in the amount of TL13,073,306,354.00 in accordance with Article 45 - of the Articles of Association of our Bank titled as the "Distribution of the Profit"; the cash gross dividend in the amount of TL 1,307,331,000.00 be distributed to our Shareholders, dividend distribution be initiated on May 25, 2022. The information provided to our Shareholders regarding the subject is stated in article 6 of the document whose link follows: <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/2022%2003%2031%20General%20Assembly%20Meeting%20Minutes.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/2022%2003%2031%20General%20Assembly%20Meeting%20Minutes.pdf</a>
PDP link to the related general meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	<a href="https://www.kap.org.tr/en/Bildirim/1014674">https://www.kap.org.tr/en/Bildirim/1014674</a>
<b>General Meeting Date</b>	31.03.2022
<b>The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting</b>	0
<b>Shareholder participation rate in the General Shareholders' Meeting</b>	63,93%
<b>Percentage of shares directly present at the GSM</b>	0,001%
<b>Percentage of shares represented by proxy</b>	99,999%
<b>Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the number of votes for or against</b>	Garanti BBVA Investor Relations Website Main Page > Corporate Governance > Ordinary General Shareholders' Meeting <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0</a>
<b>Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them</b>	Garanti BBVA Investor Relations Website Main Page > Corporate Governance > Ordinary General Shareholders' Meeting <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0</a>
<b>The number of the relevant item or paragraph of the General Shareholders' Meeting minutes in relation to related party transactions</b>	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/Ordinary-General-Shareholders-Meetings/Annual-General-Meeting/102/0/0</a>
<b>The number of declarations by insiders received by the board of directors</b>	838
<b>The link to the related PDP general shareholder meeting notification</b>	<a href="https://www.kap.org.tr/en/Bildirim/1014674">https://www.kap.org.tr/en/Bildirim/1014674</a>

**2. PUBLIC DISCLOSURE AND TRANSPARENCY**

Remarks / Related Links

**2.1. Corporate Website**

Specify the names of the sections of the website providing the information requested by the Principle 2.1.1.	Trade registry information: Garanti BBVA Investor Relations website Home > Contact > Garanti BBVA Latest shareholding and management structure: Garanti BBVA Investor Relations website Home > About Garanti BBVA > Shareholding Structure Detailed information on preference shares: There are no preference shares. The latest version of the Articles of Association: Garanti BBVA Investor Relations website Home > Environment, Social and, Governance > Articles of Association Disclosures: Garanti BBVA Investor Relations website Home > News > Disclosures Financial Reports and Annual Reports: Garanti BBVA Investor Relations website Home > Library Prospectuses and other public disclosure documents: Garanti BBVA Investor Relations website Home > News > Disclosures General meeting documents: Garanti BBVA Investor Relations website Home > Environment, Social and, Governance > Annual General Meetings Dividend distribution policy: Garanti BBVA Investor Relations website Home > Environment, Social and, Governance > Policies > Dividend Distribution Policy Disclosure policy: Garanti BBVA Investor Relations website Home > Environment, Social and, Governance > Policies > Disclosure Policy Ethical rules created by the company: Garanti BBVA Investor Relations website Home > Environment, Social and, Governance > Policies > Code of Ethics Frequently asked questions: Garanti BBVA Investor Relations website Home > FAQ
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	<a href="https://www.garantibbvainvestorrelations.com/en/about-garanti/detail/Shareholding-Structure/7/16/0">https://www.garantibbvainvestorrelations.com/en/about-garanti/detail/Shareholding-Structure/7/16/0</a>
List of languages for which the website is available	Garanti BBVA has two different websites prepared in Turkish and English languages. These can be accessed as follows: The website in Turkish <a href="http://www.garantibbva.com.tr">www.garantibbva.com.tr</a> The website in English <a href="http://www.garantibbva.com.tr/en">www.garantibbva.com.tr/en</a> Garanti BBVA Investor Relations website provides detailed information, both in Turkish and English, about data that are required to be covered in websites as per the Corporate Governance Principles and all other information about Garanti BBVA and share in line with stakeholders' needs. Investor Relations website in Turkish: <a href="http://www.garantibbvayatirimciiliskileri.com">www.garantibbvayatirimciiliskileri.com</a> Investor Relations website in English: <a href="http://www.garantibbvainvestorrelations.com">www.garantibbvainvestorrelations.com</a>

**2.2. Annual Report****The page numbers and/or names of the sections in the Annual Report that demonstrate the information requested by Principle 2.2.2.**

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the external of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Our Governance section, ""Board of Directors"" section (Page 173)
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Committees and Policies, Page: 190
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Section: Our Governance, page: 164
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in legislation which may significantly affect the activities of the corporation	Section: Important developments regarding 2022 Operations, page: 49
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Section: Important developments regarding 2022 Operations, page: 49

Remarks / Related Links	
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Section: Appendix A.8 Support services providers
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Consolidated Financial Statements As of and For the Year Ended 31 December 2022, Footnote: 5.1.11.2. Financial report can be reached at Garanti BBVA Investor Relations website > Library section
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Investments in Human Capital (Page 118), Sustainability and Community Investments (Page 144), Customer Experience (Page 132), Our Governance (Page 164)

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Garanti BBVA Investor Relations website Home > Environment, Social and Governance > Policies > Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	261
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Garanti BBVA Compliance Department (related committee: Ethics and Integrity Committee)
The contact detail of the company alert mechanism	"Garanti BBVA Whistleblowing Channel" etikbildirim@garantibbva.com.tr 0 216 662 5156

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	While there are no written internal regulations, employees are provided with the opportunity to comment on all projects and activities carried out in line with the Bank's strategic priorities, ensuring their involvement in decisions.
Corporate bodies where employees are actually represented	While there are no written internal regulations, employees are provided with the opportunity to comment on all projects and activities carried out in line with the Bank's strategic priorities, ensuring their involvement in decisions.

#### 3.3. Human Resources Policy

The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	There is a succession plan for key management positions, which is regularly followed up by the executive Board member and Executive Vice President on an annual basis.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Declaration of human rights and human resources policy are posted on the Investor Relations website. Related links are as follows: <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Declaration-of-Human-Rights/584/1866/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Declaration-of-Human-Rights/584/1866/0</a> <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0</a>
Whether the company provides an employee stock ownership program	There is an employee stock ownership program for "identified employees", which is described within the Compensation Policy. As at year-end 2022, there are 27 identified employees serving at the Bank. In variable payments made to identified employees, payment is made in cash and by non-cash means (linked to share certificates) in line with the principles in the "Guidelines on Good Compensation Practices in Banks". In payments that rely on non-cash means within the scope of 2022 variable payments of identified employees, Banco Bilbao Vizcaya Argentaria S.A. share will be taken as basis.  The Compensation Policy is posted on <a href="http://www.garantibbvayatirimciiliskileri.com">www.garantibbvayatirimciiliskileri.com</a> , under the Environmental, Social and Governance > Policies heading.

Remarks / Related Links	
The name of the section on the corporate website that demonstrates the human resources policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy	The Human Resources Policy and Code of Conduct are posted on the Investor Relations website. Related links are as follows: <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Human-Resources-Policy/97/408/0</a> <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Code-of-Conduct/94/405/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Code-of-Conduct/94/405/0</a>
The number of definitive convictions the company is subject to in relation to health and safety measures	Garanti BBVA Occupational Health and Safety policy was approved and published by the Board of Directors to help determine a strategy and implement it in our field of activity in 2022. Our OHS procedures were reviewed and the Garanti BBVA Emergency Management, Subcontractor and Supplier Procedure was updated due to legislative changes and business requirements. Actions have been taken to carry out the mandatory drills within the scope of the Emergency Plan.  During the "Business Continuity" process, various scenarios such as earthquake, flood, fire and bad weather conditions and regional simulations were experienced with the participation of all relevant units, and many improvement areas were noticed in the relevant plans and necessary actions were taken.  In line with the updated pandemic procedures of local health authorities, it updated the "Working Environment Guide" and kept the employees informed regularly.  While the health status of our employees and their families was monitored with daily inventories, proactive actions were taken towards employee health by enabling regular analysis of data through a comprehensive and up-to-date database.  After the hybrid work started and the positive changes in the pandemic, the health surveillance practices of the employees (Tests, Inventory practices, hygiene audits, etc.), especially the legal health examination studies, were accelerated.  Garanti BBVA continued its psychological support service in 2022 in response to the negative effects of the pandemic, with the importance it attaches to the psychological health of its employees and through the "Employee Support Line" it offers.  In order to improve the learning experience from each incident, including near misses, to seize development opportunities by completing root cause analysis of incidents, and to strengthen the communication flow during the incident, improvements were also made in the processes of near miss and work accident. In 2022, there were 129 occupational accidents and 59 incidents in all locations, including subcontractors. All of these cases were investigated and necessary corrective actions were taken.

#### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Garanti BBVA Investors Relations website Home > Corporate Governance > Policies > Garanti BBVA Code of Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide information about any measures taken on environmental, social and corporate governance issues.	Garanti BBVA publishes integrated annual reports; hence, the Bank does not release a separate sustainability or corporate social responsibility report. The Bank discloses its entire value creation, both financial and non-financial, within the frame of materiality analysis, its strategic priorities, and its performance in these aspects. Addressed in a comprehensive scope extending from customer experience to employee satisfaction, from digital transformation to responsible and sustainable development, these topics, along with the information on risk management and corporate governance can be found in the integrated annual report.  Garanti BBVA Investor Relations website Home > Library > Integrated Annual Reports
Any measures combating any kind of corruption including embezzlement and bribery	Garanti BBVA's Anti-Corruption Policy sets out the actions that need to be taken to prevent and determine across the Bank cases posing corruption risk, and to encourage reporting thereof. Furthermore, in order to prevent corruption, our Bank and its subsidiaries are engaged in an "anti-corruption awareness program". In-class and e-learning trainings covering these subjects are assigned to all personnel.

## 4. BOARD OF DIRECTORS - I

Remarks / Related Links

## 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	In its meeting on 2 March 2022, the Corporate Governance Committee that also functions as the Nomination Committee in line with the applicable legislation evaluated the composition and activities of the Board of Directors to be adequate and compliant with the legislation. The Board of Directors has been informed on the issue during the Board of Directors meeting held on 3 March 2022.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Based on the Bank's Board of Directors' decision dated 31 March 2021, it has been decided to assign Audit Committee in charge of the duties and responsibilities within the scope of internal systems, save for "Risk Management" duties that have been delegated to the Risk Committee as per the applicable legislation, which will be based on the Audit Committee's opinions, suggestions, assessments and the like. Based on the Bank's Board of Directors' decision dated 31 March 2021, it has been decided to appoint Board Member Aydın Düren, in charge of the functions of Compliance Unit to replace former Responsible Member M. Cüneyt Sezgin. In accordance with the relevant legislation. Furthermore, based on the Bank's Board of Directors' decision dated 03 June 2021, it has been decided to appoint Aydın Düren, who is currently a Board Member, as the Responsible Member of the Board of Directors for Internal Systems of TRNC Country Directorate as from 31.05.2021, to replace former Responsible Member M. Cüneyt Sezgin who resigned from such position on 31.05.2021 as per the applicable legislation.
Number of reports submitted by the internal control unit to the audit committee or other relevant committees	22 in 2022
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Section: Internal Systems Governance, Page: 196
Name of the Chairman	Süleyman Sözen
Name of the CEO	Recep Bastug
If the CEO and Chair functions are combined, provide the link to the relevant PDP announcement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	PDP disclosure is not available. The Bank's capital is TL 4.2 billion, and a Directors and Officers Liability cover for 110 million EUR has been obtained for the individual liabilities of Executives and Board directors associated with improper performance of their duties.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	"The Bank has different practices and policies to ensure gender equality and equal representation within the institution. Women make up 56% of Garanti BBVA's employees, as well as 40% of middle and senior management roles. In 2022, we continued to be the only bank in Turkey to be included in the Bloomberg Gender Equality Index for 7 years in a row, by raising its score to 89.06 with the steps it took to create an inclusive working culture, flexible working environment innovations, and decreasing gender gap. In addition to our social commitments, we strengthen the awareness of our employees in the field of equality with compulsory gender equality trainings. Board of Directors Diversity and Sustainability Policy was published for the first time in on July 08, 2021. In this policy, there is a target of 25% of the Board of Directors to be composed of female members by the end of 2025.
The number and ratio of female directors within the Board of Directors	There are 2 women members representing 18% of the full number of members.

Name/Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Süleyman Sözen	No	No	29.05.1997				Yes
Jorge Sáenz-Azcúnaga Carranza	No	Yes	24.03.2016		No	No	Yes
Ergun Özen	No	No	14.05.2003				Yes
Dr. M. Cüneyt Sezgin	No	No	30.06.2004				Yes
Sema Yurdum	No	Yes	30.04.2013		No	No	Yes
Jaime Saenz De Tejada Pulido	No	No	2.10.2014				Yes
Pablo Alfonso Pastor Muñoz	No	No	31.03.2021				Yes
Recep Bastuğ	Yes	No	6.09.2019				Yes
Rafael Salinas Martinez de Lecea	No	No	8.05.2017				Yes
Aydın Düren	No	Yes	17.06.2020		No	No	Yes
Mevhibe Canan Özsoy	No	Yes	4.04.2019	<a href="https://www.kap.org.tr/tr/Bildirim/915195">https://www.kap.org.tr/tr/Bildirim/915195</a>	Yes	No	Yes

## 4. BOARD OF DIRECTORS - II

Açıklamalar / ilgili bağlantılar

## 4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	The Board held 11 physical meetings in 2022.
Director average attendance rate at board meetings	93,2%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	4-5 days on average.
The name of the section on the corporate website that provides information about the board charter	Garanti BBVA Investor Relations website Home > Policies> Working principles and procedures of the BoD
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The limits set by the banking legislation are complied with.

## 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Section: Committess and Policies, Page 190
Link(s) to the PDP announcement(s) with the board committee charters	While a PDP disclosure link is unavailable for the announcement pertaining to operating principles, the responsibilities of the committees can be found at Garanti BBVA Investor Relations web site > Environment, Social and Governance >Committees

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Corporate Governance Committee (including the functions of Nomination Committee)		Aydın Düren, Jorge Saenz Azcunaga Carranza, Sema Yurdum, Handan Saygin	Jorge Saenz Azcunaga Carranza	Except for Handan Saygin, all members are members of the Board of Directors.

## 4. BOARD OF DIRECTORS - II

Açıklamalar / ilgili bağlantılar

## 4.4. Meeting Procedures of the Board of Directors

Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Audit-Committee/778/3219/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Audit-Committee/778/3219/0</a>
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0</a>
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Corporate-Governance-Committee/84/397/0</a>
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	For information on Credit and Risk Committees within the frame of banking legislation: <a href="https://www.garantibbvainvestorrelations.com/en/environment-socialgovernance/committees-list/Committees/80/0/0">https://www.garantibbvainvestorrelations.com/en/environment-socialgovernance/committees-list/Committees/80/0/0</a>
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Remuneration-Committee/83/396/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Remuneration-Committee/83/396/0</a>

## 4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Section: Financial Value (page:102)
Specify the section of the website where remuneration policy for executive and non-executive directors are presented	The Compensation Policy has been published within the policies under "Environment, Social and Governance" section on Investor Relations website. Related link: <a href="https://www.garantibbvainvestorrelations.com/en/corporate-governance/Compensation-Policy/Compensation-Policy/100/411/0">https://www.garantibbvainvestorrelations.com/en/corporate-governance/Compensation-Policy/Compensation-Policy/100/411/0</a>
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Our Governance, Remuneration and Financial Rights (page 187)

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Independent Directors in the Committee	The Number of Committee Meetings Held in Person	Number of Reports Presented to the Board of Directors on the Committee's Activities
Corporate Governance Committee (including the functions of Nomination Committee)		%75	2, virtual	2

# Sustainability Principles Compliance Report

No	Principal	Compliance				Explanation
		Yes	No	Partial	Not applicable	
<b>A. General</b>						
<b>A1. Strategy, Policy and Targets</b>						
A1.1	The Board of Directors determines material ESG issues, risks and opportunities.	X				
	The Board of Directors creates ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policies etc) and they are publicly disclosed.	X				
A1.2	It determines the short and long term goals in line with the Company strategy and ESG policies and makes them public.	X				
<b>A2. Implementation/Monitoring</b>						
A2.1	It determines the committees / units responsible for the execution of ESG policies and makes them public.	X				
	The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X				
A2.2	It creates and publicly discloses implementation and action plans in line with the ESG goals determined.	X				
A2.3	Determines Key ESG Performance Indicators (KPIs) and publicly discloses them on a yearly basis.	X				
A2.4	Explains the innovation activities that improve the sustainability performance for business processes	X				
<b>A3. Reporting</b>						
A3.1	In the annual reports, information regarding the sustainability performance, targets and actions of the partnership is given in an understandable, accurate and sufficient manner.	X				
A3.2	It gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	X				
A3.3	Makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	X				

No	Principal	Yes	No	Partial	Not applicable	Explanation
<b>A4. Verification</b>						
A4.1	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public	X				
<b>B. Environmental Principles</b>						
B1	Explains and publicly discloses policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X				
B2	It explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	X				
B3	Given in A2.1	X				
B4	The environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as board members, managers and employees) are explained and publicly disclosed	X				
B5	Explain how environmental problems are integrated into business goals and strategies.	X				
B6	Given in A2.4	X				
B7	It explains how it manages environmental issues along the Company's value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.	X				
B8	It explains and publicly discloses the cooperation it has made regarding environmental issues with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.	X				
B9	Reports and publicly discloses information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	X				
B10	It describes and publicly discloses the standard, protocol, methodology and base year details used to collect and calculate its data.	X				
B11	Describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X				
B12	Sets short and long-term goals to reduce their environmental impact and publicly discloses progress status according to the targets set in the previous years	X				

No	Principal	Yes	No	Partial	Not applicable	Explanation
B13	Explain and publicly discloses the strategy and actions to combat the climate crisis.	X				
B14	Describes and publicly discloses the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers	X				
	The actions have been taken and publicly disclosed to reduce greenhouse gas emissions of third parties (eg suppliers, subcontractors, dealers, etc.)			X		In the Bank's Supplier Code of Conduct, the sustainability commitments expected from suppliers are publicly disclosed.
B15	It publicly discloses the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / revenues and cost savings they provide.	X				
B16	It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	X				
B17	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	X				
B18	It conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and publicly discloses these studies.	X				
B19	Explains and publicly discloses the renewable energy production and usage data.	X				
B20	It makes energy efficiency projects and publicly discloses the amount of energy consumption and emission reduction as a result of these studies.	X				
B21	It reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures	X				
B22	It publicly discloses whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	X				
B23	Publicly discloses the carbon credit information accumulated or purchased during the reporting period.	X				
B24	Explains the details if carbon pricing is applied within the Company.	X				
B25	It explains all mandatory and voluntary platforms where it discloses environmental information.	X				

No	Principal	Yes	No	Partial	Not applicable	Explanation
<b>C. Social Principles</b>						
<b>C1. Human Rights and Employee Rights</b>						
C1.1	Forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions which Turkey has confirmed and the legal framework and regulations governing the operation of corporate life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	X				
C1.2	Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	X				
C1.3	Describes the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.	X				
C1.4	It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explains the regulations against child labor.	X				
C1.5	Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management.	X				
	Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution.	X				
	It regularly explains the activities carried out to ensure employee satisfaction.	X				
C1.6	It creates occupational health and safety policies and makes them public. Publicly discloses the precautions and accident statistics taken to prevent work accidents and health.	X				
C1.7	It creates and publicly discloses personal data protection and data security policies.	X				
C1.8	It creates an ethical policy and discloses it to the public.	X				
C1.9	Explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	X				
C1.10	Organizes information meetings and training programs for employees on ESG policies and practices.	X				

No	Principal	Yes	No	Partial	Not applicable	Explanation
<b>C2. Stakeholders, International Standards and Initiatives</b>						
C2.1	It regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	X				
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	X				
C2.3	It publicly discloses the international reporting standards it has adopted in its reporting	X				
C2.4	Discloses the international organizations or principles, which it is a signatory or member of, and international principles adopted	X				
C2.5	It makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices	X				
<b>D. Corporate Governance</b>						
D1	Seeks stakeholders opinions In determining the measures and strategies in the field of sustainability	X				
D2	Social responsibility projects, awareness activities and trainings have been carried out to raise awareness about the issue of sustainability and its importance.	X				

# Financial Reports and Appendix

- > Independent Auditor's Opinion and Assurance Reports
- > Statements of Responsibility
- > Unconsolidated Financial Report
- > Consolidated Financial Report
- > Appendix
- > Contact Information

**Strength**, in a constantly evolving world, is the ability to reach even challenging targets with focus on agility.





Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017



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## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Türkiye Garanti Bankası A.Ş.

### 1) Qualified Opinion

We have audited the annual report of Türkiye Garanti Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") for the period of January 1, 2022 – December 31, 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our reports, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

### 2) Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Reports on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between January 1, 2022 and December, 31 2022 dated January 31, 2023, the unconsolidated and consolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 8,000,000 thousands of which TL 7,500,000 thousands was provided in prior years and TL 500,000 thousands provided in the current period by the Bank and the Group management respectively for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 published by Banking Regulation and Supervision Agency (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### 3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed qualified opinions in our auditor's reports dated January 31, 2023 on the full set consolidated and unconsolidated financial statements of the Group and the Bank respectively for the period of 1/1/2022-31/12/2022.

### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report
- The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
  - Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.



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Orjin Maslak İş Merkezi No: 27  
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İstanbul - Türkiye

Tel: +90 212 315 3000  
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## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes, "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA) and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Damla Harman.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Damla Harman, SMMM  
Partner

March 2, 2023  
İstanbul, Türkiye

## INDEPENDENT ASSURANCE REPORT

To the Management of Türkiye Garanti Bankası Anonim Şirketi.  
İstanbul, Türkiye

This report is intended solely for the management of Türkiye Garanti Bankası Anonim Şirketi (hereinafter 'the Bank' or 'Garanti BBVA') for the purpose of reporting of Selected ESG Information ("Selected Information") listed below in its 2022 Integrated Annual Report (hereinafter '2022 Integrated Annual Report') that has been prepared by the Garanti BBVA for the period running from January 1, 2022 to 31 December 2022.

### Subject Matter Information and Applicable Criteria

In line with the request of the Bank, our responsibility is to provide limited assurance in accordance with Selected Information listed below within the scope of the reporting approach of the Bank specified in "Appendix 1: Reporting Guidelines for Non-Financial Data" ("Reporting Guidelines") included in pages 252-255 of 2022 Integrated Annual Report.

### The Scope of Our Assurance

The scope of our assurance is limited to the examination of financial and operational indicators, social indicators and environmental indicators marked with V listed in the Selected Information shown below, which are reported in pages 44, 62 ,64, 118, 132, 133, 144, 145, 146, 150, 256, and 257 of the 2022 Integrated Annual Report.

### Financial and Operational Indicators

- Materiality analysis
- Sustainability governance
- Number of customers
  - Total number of customers
  - Number of digital banking customers
  - Number of mobile banking customers
- Customer complaints
- Number of cardless transactions via Garanti BBVA ATMs in 2022
  - Number of cardless transactions via Garanti BBVA ATMs during the reporting period
- Renewable energy portfolio
  - Amount of renewable energy project investments by type as of the end of the reporting period (TL)
  - Installed capacity of renewable energy projects by type as of the end of the reporting period (MW)
  - Garanti BBVA's market share in the installed power of the wind power plants financed in Turkey as of the end of the reporting period (%)
  - Garanti BBVA's market share in the installed power of solar power plants in Turkey as of the end of the reporting period (%)



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### Social Indicators

- Contribution to sustainable development (billion TL, cumulative)
- Women employee ratio (%)
  - Ratio of women employees in senior/middle management
  - Women employees/total employees
  - Women employee ratio in revenue-generating roles
- Number of maternity leaves
- Ratio of women employees returning to work after maternity leave (%)
- Number of paternity leaves
- Gender pay gap
- Absentee rate
- Number of employees that completed gender equality trainings
- Contribution to community investment programs
  - Total amount of projects evaluated within the framework of community investment programs in the reporting period (TL)

### Environmental Indicators

- Total annual energy consumption by source (MWh)
- Total electricity consumption from renewable energy generation (MWh)
- Total annual water consumption by source (m<sup>3</sup>)
- Total annual waste generated (tonne)
- Hazardous waste generated (tonne)
- Non-hazardous waste generated (tonne)
- Total annual greenhouse gas (GHG) emissions reported according to Scope 1 and 2 of the Greenhouse Gas Protocol (2015) (CO<sub>2</sub>e)
- Total Scope 3 emissions (CO<sub>2</sub>e)
- GHG intensity per total assets (CO<sub>2</sub>e/TL)
- Percentage change in GHG intensity compared to 2012 (%)
- Total annual emissions prevented by renewable energy projects financed by Garanti BBVA (CO<sub>2</sub>e)
- Environmental and Social Impact Assessment Process applied in projects financed by Garanti BBVA
  - Projects evaluated in 2022
  - Projects rejected in 2022
  - Risk notes of projects evaluated in 2022
  - Number of site visits in 2022



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### The Bank's Responsibilities

Garanti BBVA's management is responsible for the preparation, collection, and presentation of the information for the Selected Information. In addition, the Bank's management is responsible for ensuring that the documentation provided to the practitioner (EY) is complete and accurate. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the 2022 Integrated Annual Report, such that it is free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 and 3410 which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.



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ey.com  
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### Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the Garanti BBVA to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information with online communications covering Garanti BBVA locations; as well as reviewed pertaining to the Bank's other locations in Turkey, against evidence, on a sample basis;
3. Undertook substantive testing, on a sample basis, of the Selected Information;
4. Used the Bank's internal documentation to evaluate and measure the Selected Information;
5. Evaluated the design and implementation of key processes and controls over the Selected Information;
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
7. Evaluated the disclosure and presentation of the Selected Information in the 2022 Integrated Annual Report.

### Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Garanti BBVA's has not prepared, in all material respects with Selected Information for the year ended in December 31, 2022, the relevant requirements of the criteria as defined in Reporting Guidelines.

### Limitations

We permit this report to be disclosed in addition to Garanti BBVA's 2022 Integrated Annual Report for the year ended in December 31, 2022, to enable the management of Garanti BBVA to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Garanti BBVA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

02 March 2023  
İstanbul, Türkiye



Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
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### INDEPENDENT ASSURANCE REPORT

To the Management of Türkiye Garanti Bankası Anonim Şirketi.  
İstanbul, Türkiye

This report is intended solely for the management of Türkiye Garanti Bankası Anonim Şirketi (hereinafter 'the Bank' or 'Garanti BBVA') for the purpose of reporting of Principles in the Scope of Limited Assurance ("Selected Information") listed below in its 2022 Integrated Annual Report's ('2022 Integrated Annual Report') Appendix A.5: UNEP-FI Principles for Responsible Banking that has been prepared by the Garanti BBVA for the period running from January 1, 2022 to 31 December 2022.

### Subject Matter Information and Applicable Criteria

In line with the request of the Bank, our responsibility is to provide limited assurance in accordance with Selected Information listed below within the scope of the reporting approach of the Bank specified in "Appendix A.5: UNEP-FI Principles for Responsible Banking Impact Report ('Impact Report') included in pages 260-275 of 2022 Integrated Annual Report.

### The Scope of Our Assurance

The scope of our assurance is limited to the examination the Selected Information shown below, which are reported in pages 262-267, 272-273 of the 2022 Integrated Annual Report.

Principles in the Scope of Limited Assurance

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation
- 5.1 Governance Structure for Implementation

### The Bank's Responsibilities

The Bank's management is responsible for the preparation, collection, and presentation of the Selected Information. In addition, the Bank's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. This also includes establishing and maintaining internal control system guaranteeing that the records are free from material misstatement, whether due to fraud or error.



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### Our Responsibilities

We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 and 3410 which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

The assurance provider is only performing assurance of the accuracy of the disclosed content. This means that the assurance provider should evaluate if the bank's description of processes, activities and their outcomes sufficiently reflects actions taken by the bank, rather than evaluating the applied approach itself. This individual assessment of whether the bank is aligned with the requirements of the Principles and is meeting its commitments will be undertaken by a sustainability expert within the UNEP FI Secretariat (the Review Expert). Our work has been carried out in accordance with the requirements laid out in the Guidance for Assurance Providers (version 2) to undertake limited assurance on Principles for Responsible Banking, issued by UNEP FI.



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### Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the Garanti BBVA to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information with online communications covering Garanti BBVA locations; as well as reviewed pertaining to the Bank's other locations in Turkey, against evidence, on a sample basis;
3. Undertook substantive testing, on a sample basis, of the Selected Information;
4. Used the Bank's internal documentation to evaluate and measure the Selected Information;
5. Evaluated the design and implementation of key processes and controls over the Selected Information;
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
7. Evaluated the disclosure and presentation of the Selected Information in the UNEP-FI Principles for Responsible Banking Impact Report.

### Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Garanti BBVA's has not prepared, in all material respects with Selected Information for the year ended in December 31, 2022, the relevant requirements of the criteria as defined in Impact Report.

### Limitations

We permit this report to be disclosed in addition to Garanti BBVA's 2022 Integrated Annual Report for the year ended in December 31, 2022, to enable the management of Garanti BBVA to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Garanti BBVA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

02 March 2023  
İstanbul, Türkiye

# Statements of Responsibility

## 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 year-end Annual Report for the period 01.01.2022 - 31.12.2022, 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 Bastuğ**  
General Manager



**Aydın Güler**  
Executive Vice President



**Jorge Saenz-Azcunaga Carranza**  
Audit Committee Member



**Avni Aydın Düren**  
Audit Committee Member



**Belkis Sema Yurdum**  
Audit Committee Member

# Financial Reports and Appendix

 Garanti BBVA's BRSA Consolidated and Unconsolidated Financial reports and the related presentation can be found in the [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)

 Supplementary Reports, presented below, are also available in the Integrated Annual report website located under [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)

**Unconsolidated Financial Report**

**Consolidated Financial Report**

**APPENDIX A.1: Reporting Guidelines for the Non-Financial Disclosures**

**APPENDIX A.2: Environmental Performance Data**

**APPENDIX A.3: 2022 Environmental and Social Impact Assessment Performance Indicators**

**APPENDIX A.4: TCFD Disclosure Table**

**APPENDIX A.5: UNEP FI Principles for Responsible Banking Impact Report**

**APPENDIX A.6: UNGC and WEPs Principles Analysis According to GRI Standards Content**

**APPENDIX A.7: GRI Standards Content Index**

**APPENDIX A.8: Support Service Providers**

# APPENDIX A.1: Reporting Guidelines for the Non-Financial Disclosures

This section is the guidelines applied for the indicators in scope of limited assurance as explained in the table below. The data reported for each indicator is for the year ended on December 31, 2022. The reporting covers Garanti BBVA's operations in Turkey, including Garanti Payment Systems, Garanti BBVA Mortgage and Garanti BBVA Technology, unless specifically mentioned in the relevant indicator definition.

INDICATOR	GUIDANCE NOTES
<b>Materiality Analysis</b>	The requirements established by EFRAG's new European Sustainability Reporting Standards (ESRS) have been followed, and the new Global Reporting Initiative Standards (GRI Standards) that enter into force in January 2023 were followed to determine the material issues. As BBVA Group, we identified and assessed the set of links between the company and the three pillars of sustainable development, from the perspective of the company's impacts on the environment and people through its activity – impact materiality – and the impact that the environmental and social issues have on the company's activity – financial materiality. Compared to the materiality analysis published in 2021, a total of 13 material issues remain, although the "COVID-19" issue has been disregarded and "Natural Capital" has been included. The materiality analysis was conducted in the three phases: Phase 1 - Identification of material issues that are relevant to stakeholders and to Garanti BBVA. Phase 2 - Identification of the potential positive and negative impacts as well as the risks and opportunities for the identified material issues. Phase 3 - Weighting of material issues.
<b>Sustainability Governance</b>	Garanti BBVA's Sustainability Governance is mentioned in the Risk Management section on page 207. Sustainability Governance covers the policies and mechanisms used for the decision-making process regarding economic, environmental and social impacts.
<b>Total Annual Energy Consumption by Source</b>	This indicator is defined as the energy consumption from fossil fuel sources for heating, generators, leased vehicle fleet in commercial use, and purchased electricity by Garanti BBVA's operations (Headquarters, service buildings, branches and ATMs) in Turkey. Universal energy conversion factors provided by the IPCC are used to convert source data in cubic meters, litres and tonnes to MWh. Total Energy consumption is reported following the guidance in GRI 302 Energy consumption within the organization and can be found in Appendix A.2: Environmental Performance Data.
<b>Total Annual Water Consumption by Source</b>	Municipality-provided tap water is used in Garanti BBVA's Turkey operations. This indicator is defined as the total amount of water used and withdrawn. Reported following the guidance in GRI 303-3 total water withdrawal by source in the Appendix A.2: Environmental Performance Data
<b>Total Annual Waste</b> • Recycled Hazardous Waste • Recycled non-hazardous waste	This indicator is defined as Garanti BBVA's recycled hazardous waste (waste oils, vegetable waste oil, cartridge, battery) and non-hazardous recycled waste (paper/cardboard, glass, metal, plastic, etc.). Recyclable hazardous waste (cartridges and batteries) are collected centrally by TAP (Portable Battery Manufacturers and Importers Association) and HP (Hewlett Packard Enterprise). Their total weight is calculated based on data from these two organizations. Since there is no measurement mechanism for non-hazardous recyclable wastes (paper/cardboard, glass, metal, plastic, etc.) collected centrally by municipalities, the calculation of the generated waste is based on the amount of waste generated in the Garanti BBVA Headquarters Building.  Total annual waste amount in the reporting period is given in tons. For details please see Appendix A.2: Environmental Performance Data

## Total Yearly GHG Emissions in tCO<sub>2</sub>e reported under scope 1 and 2 of the GHG Protocol (2015)

This indicator is defined as the GHG emissions (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O and f-gases) from energy consumption from fossil fuel sources for heating, generators, leased vehicle fleet in commercial use and refrigerants for Scope 1, and purchased electricity by Garanti BBVA's operations in Turkey (Headquarters, service buildings, branches and ATMs) for Scope 2. IPCC 6th Assessment Report factors are used for global warming potentials and emission factors. Grid Emission Factor is calculated based on the most recent data available by TEİAŞ for 2021. GHG emissions are reported following the guidance in GRI 305-1 Direct greenhouse gas (GHG) emissions (Scope 1). GRI 305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2) and the GHG Protocol - Location-based approach and can be found in Appendix A.2: Environmental Performance Data.

## Total Scope 3 emissions

Scope 3 emissions related to business air travel by Garanti BBVA employees is reported following the guidance in GRI 305-3 and the GHG Protocol (2015). Average passenger DEFRA 2021 emission factors (without RF) are used for air travel emissions calculations. Flights are classified as Short Haul (less than 500 km), Medium Haul (between 500 km and 3,700 km), and Long Haul (over 3,700). Please see Appendix A.2: Environmental Performance Data.

## GHG Emissions Intensity in the Reporting Period

Total Scope 1 and Scope 2 GHG emissions divided by total assets of the Bank as of calendar year end in billion TL terms. The total assets are based on the Bank's audited financial statements. Reported following the guidance in GRI 305-4 and can be found in Appendix A.2: Environmental Performance Data.

## Change in GHG Emission Intensity compared to 2012

Represents the percentage change in the greenhouse gas emission intensity of the bank in the reporting period since 2012, when the Environmental Management System was implemented. The total assets are based on the Bank's audited financial statements. Reported following the guidance in GRI 305-5 and can be found in Appendix A.2: Environmental Performance Data.

## Total annual emissions prevented by renewable energy projects financed by Garanti BBVA

Emissions avoided by the electricity generation based on the operational capacity of solar, wind and hydropower plants during the reporting period are calculated. The projects Garanti BBVA has participated in financing which were operational in the reporting period are taken into consideration for the calculations. Grid Emission Factor is calculated based on the most recent data available by TEİAŞ for 2022. The projects that are active are within the scope of the audit. By financing renewable energy projects, emissions are prevented by preventing the burning of additional fossil fuels for electrical energy demand. Please find the details of the calculations in Sustainability and Community Investments section on page 144.

## E&S Impact Assessment Process related to projects financed by Garanti BBVA

- # of assessed projects in 2022
- # of rejected projects in 2022
- Risk rating of the assessed projects in 2022
- # of project site visits conducted in 2022

Within the scope of the Bank's Environmental and Social Credit Policies, it has an internal methodology based on local legislation and international good practices for environmental and social risk assessment process. For details, see the Environment and Social Impact Assessment Section on page 148.

## 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 wind power plants (WPP) by installed power financed by the Bank in Türkiye as of the reporting period end
- Garanti BBVA's market share of solar energy projects (SPP) by installed power financed by the Bank in Türkiye as of the reporting period end

After the completion of the annual consolidated report, the cumulative amount of financing provided for renewable energy is calculated and published annually in various public reports, especially in the Integrated Annual Report. The total installed wind and solar power data in Türkiye is collected by the energy team from official institutions (TEİAŞ, Ministry of Energy). On a project basis, the banks that provide financing according to the installed power capacity of the project and, if necessary, the financing amounts are determined. Market share is calculated over the installed power included in which the Bank was part of the financing. Details on the calculations here can be found in the Sustainability and Community Investments section on page 144.

**Cardless Transactions from Garanti BBVA ATMs**  
• Total number of cardless transactions done from Garanti BBVA ATMs in the reporting period

The following transactions are performed without a card, by using QR from the ATM channel or by entering information such as identity information, mobile phone, invoice number, reference number, IBAN or the amount of money sent:

- Withdrawing/Depositing Money with QR
- Invoice / Fee / Game of Chance/Donation Payment
- Credit Card Installment Payment
- Credit Card Debt Payment
- Cash Advance Withdrawal
- CepBank Withdrawal/Money Transfer
- Consumer General Purpose Loan Application
- Mobile Phone TL Top-up
- Withdrawing Money with Reference Number

**Contribution to Community Investment Programs**  
• Total amount of projects evaluated within the framework of social investment programs in the reporting period

Contribution to social investment programs is defined as the total amount of investment made in programs that are aligned with the strategy and stakeholder priorities of the BBVA Group and Garanti BBVA for the purpose of creating social impact. These programs are governed by Garanti BBVA's "Corporate Social Responsibility Policy" and are based on focus areas determined within the framework of the 2021-2025 Community Investment Plan. During the reporting period, the scope of the calculation methodology was expanded to cover both project and communication costs of social investment programs.

**Contribution to Sustainable Development (billion TL, Cumulative)"**

Contribution to Sustainable Development means the amount of sustainable finance that the bank offers to its customers in all segments, in line with its strategic sustainability priorities, and covers all kinds of financial services that integrate long-term environmental and social benefits into their business or investment decisions. In the reporting period of Garanti BBVA, within the scope of financing sustainable development; (i) loans and transactions that comply with the Green Loan Principles, Social Loan Principles and Sustainability-Related Loan Principles issued by the LMA; (ii) Loans and transactions for climate change mitigation and adaptation projects and/or activities in line with the requirements of the EU Taxonomy Technical Expert Group Report ([https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro\\_banking\\_and\\_finance/documents/200309-available-at-sustainable-finance-teg-final-report-taxonomy\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro_banking_and_finance/documents/200309-available-at-sustainable-finance-teg-final-report-taxonomy_en.pdf)); (iii) It includes all loans and transactions that comply with the Sustainable Finance Standards (including local criteria and standards specific to Turkey and are updated every year), which determines the transaction criteria included in the Climate Action and Inclusive Growth headings of the BBVA group.

Under the Climate Action heading (i) renewable energy loans (including loans for rooftop solar systems for individuals and businesses); (ii) energy efficiency loans, including financing of projects that generate more energy savings, including building insulation, efficient electric motors, efficient heating and cooling systems, and process efficiency (iii) green building loans (vi) green transportation, green vehicle, green transport and electromobility loans (vii) such as electric charging station. For audiences that meet certain geographic and demographic limit values under the Inclusive Growth heading; There are investment funds covering gender equality, transportation, telecommunication, health, education, culture and sports infrastructures and (viii) sustainability criteria.

**Total electricity consumption from renewable generation**

It is the share of total electricity consumption from renewable generation, including Garanti BBVA's IREC certificate purchases.

• Share of female employees  
- Share of female employees in top and middle management  
- Share of female employees in total  
- Share of female employees in revenue generating roles  
• Number of employees on maternity leave  
• Share of employees returning to work after maternity leave  
• Number of employees on paternity leave

Year-end values are taken into account for the calculations of female employee ratios. Top level managers include the CEO and Assistant General Managers. Mid-level managers include Regional Managers, Credit Regional Managers, Unit Managers, Branch Managers, Managers and Consultants. Ratio of number of income-generating female employees: It is the ratio of women working as Branch Manager, Regional Manager, Sales business family and Asset-Liability and Treasury units to the total number of employees in the same title, job family and units. The number of female employees taking maternity leave is defined as the female employees who took maternity leave and went on leave during the reporting period. The number of employees taking paternity leave is defined as male employees who have entered paternity leave and are on leave. The rate of employees returning to work after maternity leave, are defined as female employees who are calculated and reported for the previous year instead of the reporting period, and who are still working at Garanti BBVA after maternity leave as of the end of the reporting period. Share of the Female Employees revenue generating roles: It is the share of women working in the Branch Manager, Regional Manager, Sales business family and Asset-Liability and Treasury units to the total number of employees in the same title, job family and units. Garanti BBVA Technology, Garanti BBVA Payment Systems and Garanti BBVA Mortgage employees are not included in the calculation of the aforementioned rates.

Gender pay gap is analyzed in three categories and the overall average is also presented. The median value is given because the mean metric is negatively affected by extreme values (too high/too low).

- Management Level: Bank Directors, Regional Managers, Corporate and Commercial Branch Managers, Unit Managers
- Branch Manager/Director - IV: Bank Branch Managers (Except Corporate & Commercial), Senior Director and Managers
- Other: Bank Officials, Expert and Expert assistants, Bank assistants and Support Staff

**Gender Pay Gap**

Since each category includes different roles, seniority, number of female and male employees and performance differences, the wage comparison table is affected by these variables. The observed differences are due to the mentioned factors, and the category-based results do not represent the wage difference between male and female employees. Garanti BBVA Technology, Garanti BBVA Payment Systems and Garanti BBVA Mortgage customers are not included in aforementioned Gender Pay gap calculation.

**Absentee Rate**

The absentee rate is the ratio of the total number of absentee days to the total number of working days calculated based on the medical reports of all sick leaves and injuries entered into the Bank's system as of 31.12.2022 in the reporting period. Garanti BBVA Technology, Garanti BBVA Payment Systems and Garanti BBVA Mortgage customers are not included in the aforementioned absentee rate calculation.

**The number of customers**  
• Total number of customers  
• Number of Digital Banking customers  
• Number of Mobile Banking customers

The total number of customers is defined as the number of customers calculated by including customers with at least 1 open product to the Bank's active customers as of the end of the reporting period. Number of Active Digital Customers: Shows the number of customers who have logged into online or mobile channels at least once in the last 3 months. Number of Active Mobile Customers: It shows the number of customers who have logged into the mobile channel at least once in the last 3 months.

Garanti BBVA Technology, Garanti BBVA Payment Systems and Garanti BBVA Mortgage customers are not included in the aforementioned number of customers calculation.

**Customer complaints**

It is defined as written/verbal complaints and objections made by customers regarding all kinds of problems, grievances and dissatisfaction they encounter while using banking products and services.

**Number of employees who completed Gender Equality Trainings**

This data gives the number of Garanti BBVA and all its subsidiaries' employees who completed the Gender Equality trainings. The names of the completed trainings are as follows.

- Eşitbiz (We are equal) Project/I am aware of equality in business life
- The "Unconscious Prejudice": Module 1
- The "Unconscious Prejudice": Module 2
- Gender Equality Awareness
- Eşitbiz (We are equal) Project/I am aware of equality

# APPENDIX A.2: Environmental Performance Data

## Energy Consumption Within the Organization

ENERGY SOURCE	2018	2019	2020	2021	2022
Non-Renewable Electricity (MWh)	107.743	107.447	25.021	14.462	14.056
Renewable Electricity (MWh)	-	51	73.206	72.653	78.819
PV Electricity Consumption* (MWh)				87	3,56
Natural Gas for Heating (m <sup>3</sup> )	3.918.686	5.270.775	3.575.311	4.514.428	3.536.609
Natural Gas for Heating (MWh)	37.574	50.538	34.281	43.285	38.078
Diesel for Heating (MWh)	119.184	51.642	81.692	201.343	62.646
Diesel for Heating (MWh)	1.173	508	804	1.053	505
Coal for Heating (ton)	88	21	16	42	60
Coal for Heating (MWh)	307	73	54	145	208
Diesel Consumption in Generators (liter)	137.597	129.347	74.540	94.389	67.785
Diesel Consumption in Generators (MWh)	1.354	1.273	733	928	547
Fuel Oil (liter)	0	6.120	4.455	11.884	0
Fuel Oil (MWh)	0	65	47	125	0
Diesel Consumption in Vehicle (liter)**	1.110.982	1.091.907	710.832	978.275	1.257.692
Diesel Consumption in Vehicle (MWh)**	10.931	10.743	6.994	9.635	12.718
Gasoline Consumption in Vehicle (liter)**	26.686	59.098	17.125	1.625.250	1.884.245
Gasoline Consumption in Vehicle (MWh)**	237	525	152	14.426	16.385
Total Energy Consumption (MWh)	158.758	171.172	141.293	156.800	161.320

\* Reported from 2021.

\*\* Vehicles used for commercial purposes only

## GHG Emissions (Tonnes of CO<sub>2</sub> Equivalent)

YEAR	SCOPE 1 (TCO <sub>2</sub> E)	SCOPE 2*** (TCO <sub>2</sub> E)	SCOPE 3**** (TCO <sub>2</sub> E)	TOTAL (TCO <sub>2</sub> E) (SCOPE 1 & 2)	GHG EMISSIONS INTENSITY***** (TCO <sub>2</sub> E / TOTAL ASSETS)	% CHANGE IN GHG EMISSIONS INTENSITY
2022	18.981	0	411	18981	14,6	%97
2021	18.643	0	61	18.643	22	%96
2020	10.508	11.934	345	22.442	42	%74
2019	14.923	55.198	2.196	70.121	164	-%3
2018	12.933	54.300	3.111	67.233	168	-%15
2017	11.835	58.628	2.494	70.463	198	-%9
2016	10.924	57.259	3.181	68.183	218	-%20
2015	11.763	63.874	3.571	75.637	271	-%0.4

\*\*\* Scope 2 emissions are stated as 0 due to the IREC purchases

\*\*\*\* Stated Scope 3 emissions are due to the business flights.

\*\*\*\*\* Scope 3 is not included in the intensity calculations.

## Water Consumption

	TOTAL CONSUMPTION (2018)	TOTAL CONSUMPTION (2019)	TOTAL CONSUMPTION (2020)	TOTAL CONSUMPTION (2021)	TOTAL CONSUMPTION (2022)
Water (1.000 m <sup>3</sup> )	284	260	260	186	233

## Waste Management

TYPE	TOTAL CONSUMPTION (2018)	TOTAL CONSUMPTION (2019)	TOTAL CONSUMPTION (2020)	TOTAL CONSUMPTION (2021)	TOTAL CONSUMPTION (2022)
Hazardous (tonnes)	7	6	4	20	11
Recycled (tonnes)	560	368	385	228	204

\* Domestic wastes are not included in the calculation scope.

## Paper Consumption

	TOTAL CONSUMPTION (2018)	TOTAL CONSUMPTION (2019)	TOTAL CONSUMPTION (2020)	TOTAL CONSUMPTION (2021)	TOTAL CONSUMPTION (2022)
Paper (1.000 tonnes)	1,1	0,9	0,6	0,6	0,73

# APPENDIX A.3: Environmental & Social Impact Assessment Process Indicators

## RISK ASSESSMENT BREAKDOWN OF PROJECTS WHICH WERE SUBJECTED TO ESIAP IN 2022

ASSESSMENT RESULT BREAKDOWN		NUMBER OF PROJECTS	LOAN LIMIT (USD, MILLION)
Category	Category A	1	65.7
	Category B	1	0.70
	Category C	1	0.83
Risk Rating	R1	0	-
	R2	0	-
	R3	3	67.2
	R4	0	-
Final Grade	1	0	-
	2	1	65.7
	3	2	1.53

# APPENDIX A.4: TCFD Disclosure Table

THEMATIC AREA	RECOMMENDED DISCLOSURES	REFERENCE LINKS
Governance	Describe the board's oversight of climate-related risks and opportunities	Responsible Banking and Sustainability Committee, Committees and Policies section page 190-191 <a href="#">2022 CDP Climate Change Report</a> , page 2-4
	Describe management's role assessing and managing climate-related risks and opportunities	Responsible Banking and Sustainability Committee, Committees and Policies section page 190-191 <a href="#">2022 CDP Climate Change Report</a> , sayfa 2-4 <a href="#">Garanti BBVA Sustainability Governance</a>
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Double Materiality Analysis section, pages 62-75 <a href="#">2022 CDP Climate Change Report</a> , page 4-9 <a href="#">2022 CDP Water Report</a> , pages 8-11
	Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	Sustainability and Community Investments section, pages 144-161 <a href="#">2022 CDP Climate Change Report</a> , page 8-9 <a href="#">2022 CDP Water Report</a> , pages 8-11
Risk Management	Describe the resilience of the organization's strategy, taking into consideration different scenarios, including a 2°C or lower scenario	Sustainability and Community Investments section, pages 144-161 <a href="#">2022 CDP Climate Change Report</a> , page 10 <a href="#">2022 CDP Water Report</a> , pages 17 <a href="#">Garanti BBVA Climate Change Action Plan</a> Science Based Target Commitment 2018-19 Carbon Pricing Leadership Report, pages 82-84 Garanti BBVA Case Study
	Describe the organization's processes for identifying and assessing climate-related risks	<a href="#">Garanti BBVA Environmental &amp; Social Loan Policies</a> Garanti BBVA Environmental & Social Risk Management <a href="#">Garanti BBVA Climate Change Action Plan</a> <a href="#">2022 CDP Climate Change Report</a> , page 5 <a href="#">2022 CDP Water Report</a> , pages 12-19 <a href="#">Sustainable Finance Declaration</a>
Metrics and Targets	Describe the organization's processes for managing climate-related risks	<a href="#">Garanti BBVA Environmental &amp; Social Loan Policies</a> Garanti BBVA Environmental & Social Risk Management <a href="#">Garanti BBVA Climate Change Action Plan</a> <a href="#">2022 CDP Climate Change Report</a> , page 5-13 <a href="#">2022 CDP Water Report</a> , pages 12-19 <a href="#">Sustainable Finance Declaration</a>
	Describe how processes for identifying, assessing, and managing these risks are integrated into the organization's overall risk management	Garanti BBVA Environmental & Social Risk Management <a href="#">2022 CDP Climate Change Report</a> , page 5-13 <a href="#">2022 CDP Water Report</a> , pages 12-19 <a href="#">Sustainable Finance Declaration</a>
Metrics and Targets	Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process	Appendix A.3: Environmental Performance Data Appendix A.4: Environmental & Social Impact Assessment Process Indicators <a href="#">2022 CDP Climate Change Report</a> , pages 5-14 <a href="#">2022 CDP Water Report</a> , pages 12-19
	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions	Appendix A.3: Environmental Performance Data <a href="#">2022 CDP Climate Change Report</a> , page 34-39
Metrics and Targets	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Double Materiality Analysis section, page 62-75 Sustainability and Community Investments section, pages 144-161 <a href="#">2022 CDP Climate Change Report</a> , page 20-30 <a href="#">2022 CDP Water Report</a> , page 31-34

# APPENDIX A.5: UNEP FI Principles for Responsible Banking Impact Report

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPLE 1: ALIGNMENT</b> WE WILL ALIGN OUR BUSINESS STRATEGY TO BE CONSISTENT WITH AND CONTRIBUTE TO INDIVIDUALS' NEEDS AND SOCIETY'S GOALS, AS EXPRESSED IN THE SUSTAINABLE DEVELOPMENT GOALS, THE PARIS CLIMATE AGREEMENT AND RELEVANT NATIONAL AND REGIONAL FRAMEWORKS.</p>	<p>Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</p> <p>Established in 1946, Garanti BBVA is Turkey's second largest private bank with consolidated assets close to TL 1.3 trillion (USD 70 billion) as of December 31, 2022. 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. Garanti BBVA provides a wide range of financial services to its more than 23 million customers with 18.544 employees through an extensive distribution network of 829 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 1 international representative office. 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 85.97% share.</p> <p>It's shares are publicly traded in Türkiye and Garanti BBVA's Depository Receipts are listed on the OTC (Over-The-Counter) Markets in the USA. Garanti BBVA has an actual free float of 14,03% in Borsa Istanbul as of December 31, 2022.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Corporate Profile, pages 22-23</p>
<p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Garanti BBVA has been working towards sustainable development by focusing on combating the climate crisis and inclusive growth for 16 years in order to support sustainability, which is one of its strategic goals.</p> <p>Focusing on responsible and sustainable development, Garanti BBVA actively contributes to 17 goals within the scope of Sustainable Development Goals. At the end of 2022, the Bank's total contribution to sustainable development, with its impact-oriented investment approach, has reached 88 billion TL.</p> <p>The BBVA Group, the main shareholder of the Bank, revised its sustainable financing target of 100 billion Euros, announced in 2018, to 200 billion Euros in 2021, in line with its climate change and sustainable development strategy in line with the Paris Agreement. Evaluating that it is still ahead of its targets in 2022, BBVA Group has tripled its target for 2025 and updated it to 300 billion Euros for the second time. In line with the BBVA Group's sustainable financing target, Garanti BBVA aims to provide a total of 150 billion TL for financing sustainable activities in 2018-2025 for the fight against the climate crisis and sustainable development. Garanti BBVA added the financing target to be mobilized for sustainable finance to the premium criteria of all employees at all levels, starting with the board of directors. With this strategic practice, value creation in all business lines is encouraged by integrating sustainability into the daily operations of all employees.</p> <p>Aiming to integrate its sustainability vision into every structure of its organization, Garanti BBVA also improves its sustainability governance in 2022, adopting a more responsible and effective business model with a new team structure that separates the responsibility of sustainability strategy and communication from the mobilization of sustainable finance.</p> <ul style="list-style-type: none"> <li>Garanti BBVA announced its target to reduce carbon emissions by 29% by 2025 and by 71% by 2035. In 2020, within the framework of Science-Based Targets in line with the maximum temperature increase of 1.5 °C in the Paris Agreement, Garanti BBVA became the first company to publish such a target. Having reduced its emissions from its operations by 75% at the end of 2020, the Bank purchased carbon credits for its remaining emissions and became a carbon neutral bank 15 years before its reduction target. In 2021 and 2022, it continues to offset emissions from its activities by purchasing carbon credits and supports projects in voluntary carbon markets accepted by international organizations.</li> <li>In 2021, Garanti BBVA has announced its commitment to phase out of coal by breaking new ground in Turkey and taking its pioneering position in sustainable finance one step further. Accelerating its efforts in 2022 in line with its goal of transitioning to a low-carbon economy, the Bank emphasizes setting science-based targets to gradually reduce risks in carbon-intensive sectors. Within the scope of combating the negative effects of climate change, Garanti BBVA has committed not to finance new investments in coal power plants and mines in 2021 and to zero the risks related to coal in its portfolio by 2040 at the latest. In 2022, it takes these commitments one step further and calculated its decarbonization targets for 2030 in other carbon-intensive sectors such as energy, automotive, iron and steel and cement. These interim targets constitute an important step towards achieving the emission targets compatible with net-zero for 2050.</li> </ul>	<p>Garanti BBVA Integrated Annual Report 2022: Contribution to Sustainable Developments Goals and Targets, pages 82-95; Sustainability and Community Investments, pages 144-161</p>
<p>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</p>	<p>Garanti BBVA has been reporting on its sustainability since 2010, initially through its separate sustainability reports, then through its integrated annual reports. Starting from 2020, the Bank started publishing Turkish Capital Markets Board's (CMB) Sustainability Principles Compliance Report as an appendix to its integrated annual reports. In 2022, Garanti BBVA also participated in the Pillar-III ESG reporting, which was required by the legal statements of the European Banking Authority (EBA) from all European Banks such as Garanti BBVA's parent BBVA Group.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-75; Sustainability and Community Investments, pages 144-161; Sustainability Principles Compliance Report, pages 233-237</p>

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPLE 2: IMPACT AND TARGET SETTING</b>  <b>WE WILL CONTINUOUSLY INCREASE OUR POSITIVE IMPACTS WHILE REDUCING THE NEGATIVE IMPACTS ON, AND MANAGING THE RISKS TO, PEOPLE AND ENVIRONMENT RESULTING FROM OUR ACTIVITIES, PRODUCTS AND SERVICES. TO THIS END, WE WILL SET AND PUBLISH TARGETS WHERE WE CAN HAVE THE MOST SIGNIFICANT IMPACTS.</b></p>		
<p><b>2.1. SHOW THAT YOUR BANK HAS PERFORMED AN IMPACT ANALYSIS OF ITS PORTFOLIO/S TO IDENTIFY ITS MOST SIGNIFICANT IMPACT AREAS AND DETERMINE PRIORITY AREAS FOR TARGET-SETTING.</b>            Garanti BBVA has carried out impact analysis at a strategic level to define the new priority focuses in the discipline of sustainability with scope for the Bank.</p>		
<p>a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/ services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p>	<p>In 2022, BBVA Group has carried out an impact analysis using version 3 of the UNEP FI Portfolio Impact Analysis Tool for Banks. As part of this group analysis Garanti BBVA's individual impact (excluding subsidiaries) is also analyzed, which constitutes the basis of the conclusion reached by the Bank. The scope of the analysis covers the consumer banking and institutional banking business areas and excludes the investment banking business line, due to its small share in BBVA Group's gross margin, which is around 1%. A small part of the corporate banking portfolio of Garanti BBVA, which corresponds to its 1.31%, is left out of the analysis, due to data reliability issues regarding NACE codes. As a result, the scope of the impact analysis covers close to all consumer banking and institutional banking portfolio of the Bank.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65. The specific results of the Impact Analysis may be provided by the Bank's Responsible Business team, upon request.</p>
<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors &amp; industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p>	<p>Specifically, a business volume (EAD) of 39,594 million euros has been considered, of which 41.91% corresponds to retail banking and the remaining 58.09% is wholesale banking.</p> <p>In retail banking, the axis of analysis is the CNAE, the most relevant being:            64.81-031 Credit cards and            64.81-032 Consumer loans &amp; overdraft for personal loans and small businesses.</p> <p>In wholesale banking, the axis of analysis is the NACE.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65. The specific results of the Impact Analysis may be provided by the Bank's Responsible Business team, upon request.</p>
<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	<p>The Context analysis is carried out, based on statistical data and research on trends and scenarios in accordance with version 3 of the UNEP Fi Portfolio Impact Analysis Tool for Banks, and the results of the analysis are contrasted with the Bank's strategic priorities. The context analysis provided the following subjects and primary impact points for Garanti BBVA:</p> <ul style="list-style-type: none"> <li>• Availability, accessibility, affordability, quality of resources &amp; services</li> <li>• Climate stability; Biodiversity &amp; healthy ecosystems; Circularity</li> </ul> <p>Garanti BBVA's Sustainability Policy, aligned with the BBVA Group strategy, its Environmental Policy, Climate Change Position &amp; Action Plan, Environmental and Social Loan Policies, and its Human Rights Declaration cover these areas, and provides a framework for their management. The Bank considers and strategizes its sustainability efforts under two main priorities:</p> <p>(i) fighting against climate change and protecting the natural environment;            (ii) ensuring inclusive growth and financial health within the society.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65. The specific results of the Impact Analysis may be provided by the Bank's Responsible Business team, upon request.</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose..</p>	<p>In terms of climate change, the following are identified:            Negative impacts:            - Financing of clients without transition strategies towards a low-carbon economy and lack of support in this transition, which lead to non-compliance with the decarbonisation objectives set by the Paris Agreement.            - GHG emissions resulting from the Bank's portfolio, from providing finance to carbon-intensive clients / sectors / operations that contribute negatively to climate change.            - Negative environmental impacts of the portfolio due to the financing of highly polluting or low-recyclable clients / sectors / operations.            - Negative direct impacts of the Bank, derived from its own operations: waste generated and resource consumption such as water, energy and paper etc..            Positive impacts:            - Reduction of GHG emissions and contribution to the fulfillment of the objectives set in the Paris Agreement through the application of the Bank's sustainable finance approach in its lending practices according to the Environmental and Social Loan Policy, supporting low-carbon clients / sectors / operations through provision of better lending terms.            - Reduction in the generation of waste through management and circular economy measures.            - Reduction in resource consumption in water, energy sources and paper through management and efficiency measures.            - Investment in forestation through carbon offset projects for remaining GHG emissions that are not I-REC certified.</p> <p>In terms of inclusive growth, the following are identified:            Negative impacts:            - Lack or difficulty of access to financial services due to location, rural etc.            - Lack of access to finance and financial services for disadvantaged social groups, due to lack of suitable financing offer or offer of products.            - Low financial awareness levels and lack of available/accessible financial education for disadvantaged social groups.            - Lack of knowledge of using financial services and products that are specifically aimed at supporting disadvantaged groups.            Positive impacts:            - Provision of access to financial services through digital banking services.            - Development of financial services and products for disadvantaged social groups.            - Programs for financial education and reducing inequalities in the society.            - Promotion of organizations for scaling social impact through building of partnerships.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65; Our Value Creation, pages 76-81; Sustainability and Community Investments, pages 144-161.</p> <p>The specific results of the Impact Analysis may be provided by the Bank's Responsible Business team, upon request.</p>

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/ RELEVANT INFORMATION
<p>d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p>	<p>As described in the previous sections, Garanti BBVA has prioritized the sectors or areas where the financing activity has a greater positive and negative impact, establishing objectives that it monitors on a recurring basis.</p> <p>The impact analysis has taken into account:</p> <p>(i) The main business areas: consumer banking and institutional banking.</p> <p>(ii) The level of exposure to sectors and the most relevant challenges and priorities in the environment.</p> <p>(iii) The significance of the identified social, economic and environmental impacts resulting from the Garanti BBVA's activities.</p> <p>Areas of greatest positive impact:</p> <p>1. Climate action: with a focus on energy efficiency, the circular economy and the reduction of GHG emissions</p> <p>2. Inclusive growth: focus on economic growth and partnerships for industry, innovation and infrastructure with business initiatives around financial inclusion, support for entrepreneurship and sustainable infrastructure.</p> <p>Areas with the greatest negative impact, which are monitored through several Garanti BBVA processes such as:</p> <ul style="list-style-type: none"> <li>- Environmental and Social Framework, where the sectors with the greatest environmental and social negative impact are identified, for which Garanti BBVA establishes prohibitions, advisory and support plans at the project level.</li> <li>- Equator Principles, for project finance in CIB.</li> <li>- Human Rights due diligence process, for all areas of Garanti BBVA.</li> <li>- Identification and evaluation of sectors and areas sensitive to transition and physical risks, quantification of exposure to carbon-sensitive sectors and setting of portfolio alignment targets in 5 sectors intensive in CO<sub>2</sub> emissions.</li> </ul>	<p>Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65; Sustainability and Community Investments, pages 144-161.</p> <p>The specific results of the Impact Analysis may be provided by the Bank's Responsible Business team, upon request.</p>
<p><b>2.2 TARGET SETTING (KEY STEP 2)</b> <b>SHOW THAT YOUR BANK HAS SET AND PUBLISHED A MINIMUM OF TWO TARGETS WHICH ADDRESS AT LEAST TWO DIFFERENT AREAS OF MOST SIGNIFICANT IMPACT THAT YOU IDENTIFIED IN YOUR IMPACT ANALYSIS.</b></p>		
<p>Garanti BBVA is committed to establish specific, measurable, achievable, relevant, and time-bound (SMART) goals, in line with science and the goals of the Paris Agreement, which address at least two of the "most significant impact areas " identified, resulting from the bank's activities and the provision of products and services: Climate Action and Inclusive Growth. The target-setting process is at different stages for these two points.</p>		
<p>a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks</p>	<p>1. In 2018, within the framework of the "Objective 2025", BBVA Group published the following objectives, to which Garanti BBVA's strategic priorities are aligned:</p> <p>(i) Mobilize 100,000 million euros between 2018-2025 for green financing, sustainable infrastructure and agribusiness, financial inclusion and entrepreneurship and other sustainable business. In 2021 it increased to 200,000 million and in 2022 this objective has tripled to 300,000 million euros. In 2022, Garanti BBVA set its own sustainable finance mobilization target of TL150 billion for 2018-2025.</p> <p>(ii) Reduce its direct CO<sub>2</sub> emissions by 68% (compared to 2015). As of 2022, Garanti BBVA's overall scope 1&amp;2 CO<sub>2</sub> emissions are reduced by 75%.</p> <p>(iii) Contract 70% renewable energy from 2025 and 100% renewable energy in 2030. Since 2020, Garanti BBVA supplies IREC certification for its energy consumption.</p> <p>In 2021, BBVA Group stated the following objectives:</p> <p>2. 2021-2025 Community Investment Plan responds to the most important social challenges in all BBVA regions: The plan consists investment of 550 million euros and 100 million people reached. Additionally, the Group launched a secondary initiative Global Financial Education Plan, which aims at 2 million people trained and 50 million people reached. Garanti BBVA, monitors and reports its share of contribution to these targets on a quarterly basis. In 2022, its investment in community programs exceeded TL 71 million and reached over 1.1 million people.</p> <p>3. Target of zero net emissions in 2050, expanding its initial ambition of alignment with the Paris Agreement, with updates in 2022: BBVA has published its commitment to phase out coal in 2030 in developed countries and 2040 in emerging countries (under the terms of the Environmental and Social Framework published by BBVA); joined the Net Zero Banking Alliance initiative and BBVA Asset Management has joined the Net Zero Asset Managers Initiative, in addition to having approved its Exclusion Policy; set 2030 alignment targets in 5 of the most intensive sectors in CO<sub>2</sub> emissions: electricity generation, oil and gas, automobiles, steel and cement.</p> <p>Garanti BBVA is also a signatory of the Net Zero Banking Alliance since 2021, and publishes its 2030 Paris Agreement alignment targets within its 2022 Integrated Annual Report. The Bank's commitment to phase-out of coal-related risks are reflected on its Sustainability Policy and the process is managed according to its Environmental and Social Framework and Loan Policies. Additionally, Garanti BBVA joined the second round of BBVA Group's Human Rights due diligence process in 2020, 2022 the three-year process was completed. Within this framework, a list of issues with potential negative impacts has been identified and evaluated, and action plans have been designed to mitigate or minimize them. This process has been carried out in accordance with the United Nations Guiding Principles on Business and Human Rights.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Sustainability and Community Investments, pages 144-161; Appendix, Environmental Performance Indicators</p> <p>Garanti BBVA Investor Relations website: ESG section</p> <p>BBVA 2022 Annual Report: Non-Financial Information Report</p>
<p>b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p>	<p>In 2020, Garanti BBVA pledged to reduce its carbon emissions by 29% by 2025 and 71% by 2035. Having reduced its emissions arising from its operations by 75% at the end-2020, the Bank purchased carbon credit for its remaining emissions and became carbon-neutral 15 years earlier than its reduction target.</p> <p>The Bank has committed that its indirect activity, through its credit and investment portfolio, also be neutral in GHG emissions by 2050, which is a commitment that was delivered as part of its signatory status to the Net-Zero Banking Alliance (NZBA). In its Integrated Annual Report 2022, the Bank announces its baseline and related intermediate targets towards this goal.</p>	<p>Garanti BBVA Integrated Annual Report 2022: Sustainability and Community Investments, pages 144-161.</p>

## REPORTING AND SELF-ASSESSMENT REQUIREMENTS

## HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE

REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/  
RELEVANT INFORMATION

c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Impact area 1: Climate change:

- Sustainable finance mobilization – TL 150 billion between 2018-2025
- Emission reduction mid-term targets for carbon-intensive sectors in line with IEA's net zero emissions scenario in 2050, calculated according to PACTA methodology:

Sector	Emission Scope	Metric	Scenario	Garanti BBVA Baseline (2022)	Reduction Target by 2030
Energy	1+2	kgCO2e/MWh	International Energy Agency Net Zero 2050	388	-72%
Automotive	3	gCO2e/Km	International Energy Agency Net Zero 2050	182	-40%
Iron & Steel	1+2	kgCO2e/Tiron&steel	International Energy Agency Net Zero 2050	1.096	-10%
Cement	1+2	kgCO2e/Tcement	International Energy Agency Net Zero 2050	726	-20%
Coal	-	TLmn	Phase-out of the sector by 2040		

The data quality of the PACTA database is expected to improve in time, which will result in more efficient emissions calculations and accordingly updated reduction targets.

Impact area 2: Inclusive growth:

Garanti BBVA is in the process of determining its relevant indicators and targets in accordance with the BBVA Group's UNEP FI Financial Health and Inclusion commitments.

Report 2022: Sustainability and Community Investments, pages 144-161.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

During 2022, Garanti BBVA has continued to make progress in the decarbonization of its portfolio. In this sense, it has calculated its commitment to reduce the emissions of its client portfolio in top-5 carbon-intensive sectors by 2030, in addition to its previous declaration to phase out of the coal sector completely by 2040. To achieve these targets, the Bank is committed to focus on increasing its efforts in sustainable finance mobilization, in its role of financial advisor towards developing a low-carbon economy, and in developing innovative product and service solutions for decarbonization.

Garanti BBVA's sustainability teams along with business lines are tasked with drawing up sectoral plans to achieve these ambitious objectives and to encourage clients towards reducing carbon intensities. At the end of this process, the Bank will prepare its Transition Plan, where strategies for managing different business lines and clients are created.

In 2022, Garanti BBVA prepared its governance structure for net-zero transition in coordination with teams from sustainability, sustainable finance, risk management etc.. This structure will be operationalized to meet the 2030 targets through collectively establishing action plans. This work is a fundamental piece in the management of portfolio alignment and for input for the definition of risk appetite in different sectors. During 2023, target-setting for the rest of the sectors for which an alignment is required will be undertaken.

For the realization of the Bank's sustainable mobilization target of TL 150 billion (2018-2025), annual objectives by business lines and expected green/social loan ratios are communicated to client managers and it is set as part of the performance premium criteria of all the related bank employees from members of the Board of Directors to branches..

Garanti BBVA Integrated Annual Report 2022: Sustainability and Community Investments, pages 144-161.

### 2.3 TARGET IMPLEMENTATION AND MONITORING (KEY STEP 2) SHOW THAT YOUR BANK HAS IMPLEMENTED THE ACTIONS IT HAD PREVIOUSLY DEFINED TO MEET THE SET TARGET.

Garanti BBVA carries out regular monitoring of its objectives and reports progress to its senior management through the Responsible Banking and Sustainability Committee.

Various actions and milestones to meet objectives:

1. Monthly monitoring of sustainable business channeling objectives (TL 150 billion) broken down by business areas. At the end of December 2022, Garanti BBVA channeled over TL 40 billion into sustainable business, contributing towards its TL 150 billion commitment between 2018 and 2025. In addition, the bank managed to reduce overall scope 1&2 CO2 emissions by 75% compared to 2015 and 100% of the energy contracted by BBVA is renewable.
2. Quarterly monitoring and reporting of the objective related to the BBVA Group's Commitment to the Community by 2025 (550 million euros and 100 million beneficiaries) broken down by focus of action. At the end of 2022, TL 71.7 million had been invested and over 1.1 million people had benefited from Garanti BBVA's community investment programs.
3. Start of the annual monitoring and reporting on the progress on objectives for Paris Agreement portfolio alignment, with the finalization of target-setting process in 2022.

In this sense, it is worth mentioning that:

- Garanti BBVA is incorporating its sustainability strategies into the business plans of all business lines through strategy trainings and department-based working groups in charge of promoting the development of related products and services.
- Garanti BBVA has integrated sustainability risks into its internal processes, whether physical or transitional, and adopted the BBVA Group's Environmental and Social Framework.
- Garanti BBVA has established a unique agenda with stakeholders and has joined the Net Zero Banking Alliance (NZBA).

To facilitate effective management and compliance with alignment objectives, Garanti BBVA is working in cooperation with the BBVA Group in developing a series of tools that allow integration of the management of these objectives into the day-to-day business and risk processes. These tools include:

- Dashboard of alignment with PACTA methodology
- TRi (Transition Risk Indicator), a tool that allows customers to assess the current emissions profile and decarbonization strategies

Garanti BBVA Integrated Annual Report 2022: Sustainability and Community Investments, pages 144-161; Appendix, Environmental Performance Indicators

## REPORTING AND SELF-ASSESSMENT REQUIREMENTS

## HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE

REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/  
RELEVANT INFORMATION**PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF YOU HAVE MET THE REQUIREMENTS REGARDING PLANS FOR TARGET IMPLEMENTATION AND MONITORING**

Garanti BBVA has set objectives towards mitigating climate change and inclusive growth through its business; and it has set the necessary mechanisms for regular monitoring and reporting of these objectives.

**PRINCIPLE 3:****CLIENTS AND CUSTOMERS**

**WE WILL WORK RESPONSIBLY WITH OUR CUSTOMERS TO ENCOURAGE SUSTAINABLE PRACTICES AND ENABLE ECONOMIC ACTIVITIES THAT CREATE SHARED PROSPERITY FOR CURRENT AND FUTURE GENERATIONS.**

Sustainability has been among the six strategic priorities of Garanti BBVA for a number of years, and the bank is continuously working to integrate it into all its business with all stakeholders. At the same time the bank's sustainability strategy and practical approach is aligned with the BBVA Group.

- In 2022, the BBVA Group's Board approved the update of the General Sustainability Policy, based on supporting clients in their transition towards sustainable business models with a focus on climate change, natural capital and inclusive growth. Garanti BBVA's own policy is under review for alignment and for extension of scope.
- Garanti BBVA has a sustainable products framework applicable to its CIB activity, a framework for the issuance of bonds linked to the SDGs and a commitment to human rights, which is also aligned with the Group framework.
- The BBVA Group's Environmental and Social Framework is adjusted with stricter measures according to the emerging needs of Türkiye's social and environmental status. The framework is where lending prohibitions are established at the project level and monitoring plans at the client level.
- The Group also has an internal Sustainable Finance Standard inspired by the European taxonomy and best market practices. Garanti BBVA is compliant to all sustainable finance standards mandated by the BBVA Group and reports its monthly and annual monitoring of sustainable finance figures (specific country level thresholds apply). These policies and frameworks are applicable to all customer segments and areas of activity.

Garanti BBVA works with its clients to increase sustainable business activities within the economy through green and social products and services it offers. The following details how the integration of ESG aspects in the relationship with clients is carried out:

ESG support for wholesale clients (corporates, large enterprises) and companies

At the wholesale level, Garanti BBVA offers a variety of sustainable financing solutions ranging from use-of-proceeds cases (i.e. specific financing products towards sustainable projects) to sustainability-linked loans. In addition, ESG risks of clients are assessed via sector-specific questionnaires assisted by data providers. For clients in high-intensity hard-to-abate sectors where climate transition risks are significant, Garanti BBVA measures each client's transition ambition and updates the assessment at least annually with real client-level data such as emissions intensity, Science-Based Targets Initiative (SBTi) and/or Net-Zero aligned emission reduction targets, investments in low-carbon technology etc. It is specialized assessment and advice by sector, based on data and aimed at helping clients define strategies that allow them to meet and be aligned with the objectives of the Paris Agreement, advance the United Nations 2030 Sustainable Agenda, and, where appropriate, provide sustainable financing solutions (debt/equity) that allow them to execute their decarbonisation plans.

In addition, all customers can reach information and a catalog of sustainable products on the Garanti BBVA website. The Bank makes available to its customers information on the products, advice on sustainability and explains their impact on the environment through its carbon footprint calculation and sectoral impact analysis tool, which is launched recently in 2022. .

ESG support for retail clients

Garanti BBVA supports its clients in incorporating ESG practices through one-on-one meetings and visits, public events, consulting on projects with technology and consulting firms, and other advisory services. Garanti BBVA advises its clients through digital channels and through the commercial branch network. A comprehensive service model that ranges from awareness raising, project design and sponsorships for NGOs for community and public investments.

The bank managers, mobile banking service catalogue and the commercial website offer a wide catalog of sustainable investment and financing products. Garanti BBVA offers several sustainable investment funds for retail investors.

In addition, shopping loans focused on sustainable mobility, energy-efficient housing, green mortgages, rooftop PV loans, etc. are offered to retail customers. In 2022, Bank started a new partnership with Turkish Standards Institute(TSE) to enable its retail clients to receive consultancy services towards EU's regulations regarding the Carbon Border Adjustment Mechanism(CBAM). The Bank provides The second most important and impactful sustainable development area for the Bank is Inclusive Growth. The Bank offers specific products and mentorship programs towards vulnerable populations, especially women-owned companies and micro-SMEs. Garanti BBVA's support program for women entrepreneurs has been run since 2006.

Garanti BBVA makes information on sustainability available to customers through its corporate website and various digital media platforms. On the corporate website you can find news and articles, on the transactional banking website and in the mobile banking app you can find information about the sustainable products offered by the bank and even contract them. Garanti BBVA mobile banking app offers a solution for clients to calculate their carbon emissions through their automatic payment information. The app also provides information about the GHG emissions' impact, water consumption and tips on how to reduce carbon footprint such as opting for low-carbon mobility alternatives, energy efficient electronics and reducing unnecessary packaging and increasing recycling.

Garanti BBVA Integrated Annual Report 2022: Our Value Creation, pages 76-81; Sustainability and Community Investments, pages 144-161; Appendix, Environmental Performance Indicators  
Garanti BBVA Investor Relations website: ESG section  
Garanti BBVA website

## 3.1 Client engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities ). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

## REPORTING AND SELF-ASSESSMENT REQUIREMENTS

## HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE

REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/  
RELEVANT INFORMATION

## 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

In 2022, one of the main lines of action has been the development of sustainable solutions under these 5 growth levers:

- Developing sector strategies for clients (focus on adoption of low carbon technologies through emission-intensive sectors taking advantage of the Bank's advisory capabilities).
- Promotion of the business (developing products with a focus on specific topics and increased ESG criteria: inclusive growth via infrastructure projects, sustainability-linked loans etc.).
- Planning of large commercial bets to rapidly expand our business leveraging our digital advantage (creating an innovative and disruptive value proposition in specific verticals)
- Financing of new sustainable technologies via revision of sustainable finance standards: Hydrogen, batteries, carbon capture, use and storage technologies...
- Developing new risk management capabilities through adoption of data-based analyses in sustainability

Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-65; Sustainability and Community Investments, pages 144-161

**PRINCIPLE 4:  
STAKEHOLDERS**

**WE WILL PROACTIVELY AND RESPONSIBLY CONSULT, ENGAGE AND PARTNER WITH RELEVANT STAKEHOLDERS TO ACHIEVE SOCIETY'S GOALS.**

Garanti BBVA integrates into its businesses and activities the concerns of its stakeholders (customers, employees, shareholders and investors, suppliers, regulators and supervisors, and society in general), among others, on social and environmental issues, diversity, fiscal responsibility, respect to human rights and prevention of corruption and other illegal conduct.

The Bank acts in dialogue with all its key stakeholders, internal and external, through various channels. Considering the feedback received as a result of these dialogues and the outputs, priority issues are determined.

The Bank has actively participated in numerous initiatives, always in close collaboration with all stakeholders. These initiatives revolve around the following priority areas:

- Universal frameworks of reference: Garanti BBVA and the BBVA Group were one of the founding banks and promoters of the UNEP FI Principles of Responsible Banking.
- Alignment with the Paris Agreement: Garanti BBVA joined the Net Zero Banking Alliance promoted by UNEP FI, and the Science Based Target Initiative.
- Market Standards, with a role of promoter of the Equator Principles, ICMA's the Green Bond Principles, the Social Bonds Principles, LMA's Green Loan Principles and other similar standards developed by the industry itself, as well as the EU Taxonomy.
- Transparency: Garanti BBVA publishes a summary index according to the TCFD recommendations and GRI standards content index for impact materiality reporting within its integrated annual reports.
- Financial regulation: Garanti BBVA participates in numerous consultation processes and in various activities with regulatory and supervisory bodies such as Turkish Banks Association to promote sustainable finance regulation.

For more than 10 years, Garanti BBVA has actively participated in various supranational initiatives. In addition to continuing its commitment to the United Nations Global Compact and its signatory status to The United Nations Environment Programme Finance Initiative (UNEP FI), since 2012, the Bank participates in 29 initiatives and takes part in 52 working groups such as United Nations Net-Zero Banking Alliance (NZBA), United Nations Responsible Banking Principles Working Group and Global Compact Turkey, SKD Turkey (Business World and Sustainable Development Association), Banks Association of Turkey (TBB), the Role of the Financial Sector in Sustainable Growth Working Group and the Environment and Climate Change Working Group of the Turkish Industrialists' and Businessmen's Association (TÜSIAD). The Bank is always in close collaboration with all key stakeholders (industry, regulators and supervisors, investors and civil society organizations).

Specifically, throughout 2022, the following initiatives should be highlighted:

In February 2022, Garanti BBVA's sustainability team attended the Climate Council, organized by the Ministry of Environment, Urbanization and Climate change, where national policies towards sustainable finance has been discussed among all related stakeholders such as banks, regulatory bodies, and non-profit organizations on finance.

Garanti BBVA started a partnership with "Erguvan," a platform through which it will offer its customers direct access to carbon credits to offset their emissions.

In November, Garanti BBVA's sustainability and sustainable finance teams attended the United Nations Conference of Climate Change (COP27) and met with a number of parties through the conferences and panels, as well as 1:1 meetings.

Garanti BBVA has also been invited to provide an opinion on the 11th Development plan of the Turkish Republic on supporting sustainable finance through regulatory developments, frameworks and capital resources.

Garanti BBVA Integrated Annual Report 2022: Double Materiality Analysis, pages 62-75; Stakeholder Engagement, pages 96-99  
Garanti BBVA Investor Relations website: ESG section, Supported Initiatives

## 4.1 Stakeholder identification and consultation

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

## REPORTING AND SELF-ASSESSMENT REQUIREMENTS

## HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE

REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/  
RELEVANT INFORMATION

**PRINCIPLE 5:  
GOVERNANCE & CULTURE**  
**WE WILL IMPLEMENT OUR COMMITMENT TO THESE PRINCIPLES THROUGH EFFECTIVE GOVERNANCE AND A CULTURE OF RESPONSIBLE BANKING**

5.1 Governance Structure for Implementation of the Principles  
Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Implementation of the Principles of Responsible Banking is governed through Garanti BBVA's Sustainability Policy, which is the primary strategy document of the Board of Directors on this matter. The Board of Directors defines, promotes and monitors the sustainability and climate change strategy and supervises the application of the Sustainability Policy.

The Board of Directors, as the highest supervisory body in the Bank, is directly or through the Responsible Business and Sustainability Committee, periodically monitor the implementation of the Policy through the Internal Audit or the control functions within the Bank, on the on the basis of periodic or ad-hoc reports from the Sustainability Unit. The committee is required to meet at least twice annually, and it is chaired by a Board Member. Among the members are the General Manager and the Executive Vice Presidents of the relevant departments. The Sustainability Unit's Manager, who is also the secretary of the Responsible Banking and Sustainability Committee, Sustainability team, Responsible Business team and managers of the Bank's other areas that incorporate sustainability into day-to-day businesses and operations report to the Committee on all related issues. The Bank added sustainability matters in the premium eligibility criteria of all employees at any level, starting with the Board of Directors, therefore the matters discussed are of greatest importance at all employment levels of the Bank.

Garanti BBVA's Sustainability Unit is connected to the BBVA Group's Global Sustainability Area, and ensures strategic alignment with the Group in all related matters. This area designs the strategic sustainability agenda and promotes the lines of work around this area of the different units such as Risk Management, Finance, Talent and Culture, Data and Engineering, and Organizational Process Development, and develops new sustainable products. The Global Sustainability Area is part of the highest executive level of the BBVA Group's organization, and reports to the Group CEO and president, given the highly strategic and transformative nature of the area.

Garanti BBVA Integrated Annual Report 2022: Sustainability and Community Investments, pages 144-161; Senior Management, pages 178-181; Remuneration and Financial Rights, pages 187-189; Committees and Policies, pages 190-191; Risk Management, pages, 209-214  
Garanti BBVA Investor Relations Website: ESG section Responsible Banking and Sustainability Committee Sustainability Policy

BBVA Group has developed a complete global training program to ensure that its employees can acquire the knowledge to address strategic sustainability challenges. Through the Campus BBVA training platform, two training itineraries are available to all employees, regardless of their geography and/or role. Globally, more than 102,000 BBVA employees have already been trained with these courses and a total of 16,751 Garanti BBVA employees were assigned sustainability training, including the addition of Principles for Responsible Banking in 2020. It was completed by a total of 15,227 Garanti BBVA employees as of December 31, 2021. The basic sustainability training is designed to acquire basic knowledge about the 2030 Agenda of the SDGs, the role of the financial industry and the BBVA Group and Garanti BBVA strategy; The advanced level includes content on sustainable finance.

In order to provide the necessary skills so that the BBVA Group employees can address sustainability from their different areas of activity, specialized training programs have been developed and specialized training programs are provided for all related sustainability teams in collaboration with renowned international institutions. As part of sustainable development upskilling at Garanti BBVA; all employees were supported with digital trainings and trainings throughout the year, whereas the Sustainability teams are supported with international academic programs. Towards realizing the Bank's decarbonization targets, several training programs have been developed on portfolio alignment and in relation to the use of the different internal tools developed for the management of the Group's objectives (alignment dashboard with PACTA methodology and Transition Risk Indicator).

Adopting Responsible Banking practices is one of Garanti BBVA's primary focuses that is owned by the Bank's senior management. As sustainability is among the six strategic priorities of the Bank, EVPs, in addition to the CEO is a member of the Responsible Banking and Sustainability Committee, where numerous departments present updates on their sustainability projects through their internal sustainability responsables. To encourage ownership of the strategy, The Bank added sustainability matters in the premium eligibility criteria of all employees at any level, starting with the Board of Directors.

To identify new opportunities, Garanti BBVA recognizes that to remain as a leader in sustainable finance in Türkiye, cooperation at the global level with peers and suppliers is required. In particular, the Bank continues its efforts to assign sustainability training to suppliers in order to clearly demonstrate the sustainability strategies of the bank and encourage external stakeholders to comply with the Bank's rules.

Through the Bank's communications channels such as social media posts, it is try to raise awareness on environmental and social issues with a different theme every month. Within the scope of Sustainable Habits, the Bank shares good practices and useful ideas from its employees.

In 2022, Garanti BBVA has launched an internal entrepreneurship program, aimed at encouraging employees to develop projects to improve sustainability of the Bank and receive mentorship from senior management at the same time.

Garanti BBVA Integrated Annual Report 2022: Investment in Human Capital, pages 118-131; Sustainability and Community Investments, pages 144-161

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF THE BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO FULL BANK RESPONSE/ RELEVANT INFORMATION
<p>5.3 Policies and due diligence processes Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	<p>With the visible effects of the climate crisis on social life becoming more widespread, all financial sector stakeholders, especially customers and investors, started to focus on environmental, social and governance (ESG) risks in banking risk management and governance mechanisms. The Pillar-III ESG reporting, which was included in the legal statements of the European Banking Authority (EBA) in 2022, allows the evaluation of banks' ESG risks and sustainable finance strategies by all financial sector stakeholders, including customers and investors. In 2022, Garanti BBVA, together with the BBVA Group, of which it is a part, began to analyze the resilience of the banking portfolio against transition risks and physical risks arising from climate change. In 2022, Garanti BBVA also evaluates the risks arising as a result of the studies below in determining the targets of combating climate change and Net-zero Banking.</p> <ul style="list-style-type: none"> <li>-Identifying risks in sectors incompatible with the Paris Agreement and measuring transition risks</li> <li>-Energy performance monitoring of real estate collaterals of the bank</li> <li>-Emission intensities of customers in carbon-intensive industries (PACTA)</li> <li>-Physical risks arising in the bank portfolio as a result of the climate crisis and Financing for activities to reduce the effects of climate</li> </ul>	<p>Garanti BBVA Integrated Annual Report 2022:: Sustainability and Community Investments, pages 144-161;</p>
<p><b>PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF YOU HAVE MET THE REQUIREMENTS REGARDING THE GOVERNANCE STRUCTURE FOR THE IMPLEMENTATION OF THE PRINCIPLES:</b> Garanti BBVA's Sustainability Unit, comprised of Sustainability and Responsible Business teams, is responsible of establishing the Bank's strategic approach. The unit reports directly to the EVP for Customer Solutions and Digital Banking and also chairs the Responsible Banking and Sustainability Committee. The committee is required to meet at least twice annually and attended by all EVPs and the CEO of the Bank. The committee is responsible for the monitoring of the progress of the Bank's targets, that fall within the scope of sustainability strategy. The CEO is responsible for reporting to the Board of Directors on any critical issues. The Bank's Sustainability Unit also connected to the BBVA Group's Global Sustainability Area, and ensures strategic alignment with the Group in all related matters. The existing governance structure provides several levels of checks and balances for Garanti BBVA's implementation and monitoring of Responsible Banking Principles.</p>		
<p><b>PRINCIPLE 6: TRANSPARENCY AND RESPONSIBILITY WE WILL PERIODICALLY REVIEW OUR INDIVIDUAL AND COLLECTIVE IMPLEMENTATION OF THESE PRINCIPLES AND BE TRANSPARENT ABOUT AND ACCOUNTABLE FOR OUR POSITIVE AND NEGATIVE IMPACTS AND OUR CONTRIBUTION TO SOCIETY'S GOALS.</b></p>		
<p>6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</p>	<p>This publicly disclosed information about Garanti BBVA's Principles of Responsible Banking commitments has been given limited assurance from an independent assurance provider.</p>	<p>Garanti BBVA UNEP FI Principles of Responsible Banking Impact Report 2022, page 11</p>
<p>6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks?</p>	<p>Garanti BBVA's sustainability information is reported mostly through its integrated annual reports, which is prepared according to the VRF's Integrated Reporting Framework. Among the appendices of the report, GRI Standards Content Index, UN Global Compact Communication of Progress and Women's Empowerment Principles index summaries and the Bank's TCFD Disclosures summary table is published.</p> <p>In addition, the Bank responds to Carbon Disclosure Platform's (CDP) Climate Change and Water questionnaires annually. In 2022, it has been listed among the Global "A" companies in the Climate Change Program results, received A- for its disclosures in the Water Program.</p> <p>Garanti BBVA's Integrated Annual Report also includes Sustainability Principles Compliance and Corporate Governance Compliance Reports of the Capital Market's Board of Türkiye.</p>	<p>Garanti BBVA Integrated Annual Report 2022: About the Report; pages 8-9</p>
<p>6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.</p>	<p>The previous sections detail the progress in implementation in 2022.</p> <p>Garanti BBVA's progress in the implementation of the Principles of Responsible Banking has been published annually as part of the Bank's Integrated Annual Report, moving forward, the Principles of Responsible Banking Impact Report may be published separately.</p> <p>In the next 12 months, Garanti BBVA is expected to publish alignment targets for additional carbon-intensive sectors, to which its exposure is relatively significant, which are detailed in the Net Zero Banking Alliance guidelines. The Bank also plans on finalizing its target-setting process for the second area with the greatest impact - inclusive growth - as a result of the impact analysis conducted using the UNEP FI Impact Tool for Banks.</p>	
<p><b>PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF YOU HAVE MET THE REQUIREMENTS REGARDING PROGRESS IN IMPLEMENTING THE PRINCIPLES FOR RESPONSIBLE BANKING:</b> Garanti BBVA is constantly working on strengthening its transparency through non-mandatory disclosure of a number of externally assured non-financial information, annual publication of TCFD Disclosures and reporting according to GRI Standards. With the publication of the Bank's 2022 Integrated Annual Report, it is also disclosing its intermediate Paris Agreement Alignment targets for 2030 in five carbon-intensive sectors, in addition to its previously announced sustainable finance mobilization target of TL 150 billion by 2025. The Bank is in the process of setting its inclusive growth indicators and targets in cooperation with the BBVA Group. Through the externally-assured disclosure of its most positive and most negative impact areas, related targets and action plans along with the set mechanisms for implementation and monitoring, Garanti BBVA meets the requirements of the Principles for Responsible Banking.</p>		

# APPENDIX A.6: UNGC and WEPs Principles Analysis According to GRI Standards Content

## A. UN GLOBAL COMPACT PRINCIPLES COMMUNICATION ON PROGRESS REPORT

UNGC PRINCIPLES	GRI STANDARD	REFERENCE
<b>HUMAN RIGHTS</b>		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	GRI 2-23, GRI 1-30, GRI 410, GRI 411	<a href="#">Declaration of Human Rights</a>
Principle 2: Businesses make sure that they are not complicit in human rights abuses.		
<b>LABOUR</b>		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	GRI 2-7, GRI 2-30, GRI 407, GRI 408, GRI 409	All employees are free to unionize and act of their own free will. <a href="#">Declaration of Human Rights</a>
Principle 5: Businesses should uphold the effective abolition of child labour.		<a href="#">Compensation Policy</a>
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
<b>ENVIRONMENT</b>		
Principle 7: Businesses should support a precautionary approach to environmental challenges		145-148, A.2 Environmental Performance Data CDP Water Security - 2022 ( <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/CDP-2022-Water.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/CDP-2022-Water.pdf</a> )
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	GRI 303-2, GRI 306-2, GRI 308	
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies		CDP Climate Change - 2022 ( <a href="https://www.garantiinvestorrelations.com/en/images/pdf/CDP-2022-Climate-Change.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/CDP-2022-Climate-Change.pdf</a> )
<b>ANTI-CORRUPTION</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	GRI 205	<a href="#">Anti Corruption Policy</a>

## B. WOMEN'S EMPOWERMENT PRINCIPLES (WEPs) PROGRESS REPORT

PRINCIPLES	GRI STANDARD DISCLOSURES	PAGE REFERENCES
Principle 1 - Establish high-level corporate leadership for gender equality.	GRI 405	122-123, 140, 230
Principle 2 - Treat all women and men fairly at work– respect and support human rights and nondiscrimination.	GRI 401, GRI 405, GRI 406	118, 122-123
Principle 3 - Ensure the health, safety and well-being of all women and men workers.	GRI 403, GRI 406	126-127
Principle 4 - Promote education, training and professional development for women	GRI 404	45, 84-85, 119, 140, 145, 157
Principle 5 - Implement enterprise development, supply chain and marketing practices that empower women.	GRI 204	45, 140, 145
Principle 6 - Promote equality through community initiatives and advocacy.	GRI 413	89, 140, 160
Principle 7 - Measure and publicly report on progress to achieve gender equality.	GRI 405	97-98, 122-123

# APPENDIX A.7: GRI Standards Content Index

Garanti BBVA has reported the information cited in this GRI content index for the period January, 1 - December, 31 2022 with reference to the GRI Standards.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	2-1	8, 22-23
	2-2	8
	2-3	8, 248
	2-4	There is no restatements regarding to previous reporting period.
	2-5	8-9, 190, 194-195
	2-6	14, 20, 24-25, 38-39, 44-53, 76-77, 95, <a href="https://surdurulebilirlik.garantibbva.com.tr/surdurulebilirlik-yaklasimimiz/garanti-bbva-ve-surdurulebilirlik/cevresel-etkilerimizin-yonetimi/tedarik-zinciri-yonetimi/">https://surdurulebilirlik.garantibbva.com.tr/surdurulebilirlik-yaklasimimiz/garanti-bbva-ve-surdurulebilirlik/cevresel-etkilerimizin-yonetimi/tedarik-zinciri-yonetimi/</a>
	2-7	78, 118-119, 128-129
	2-8	Table 5.8, <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/GarantiBBVA-31122022-Consolidated_Financial_Report.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/GarantiBBVA-31122022-Consolidated_Financial_Report.pdf</a>
	2-9	122, 123, 164 -186, 190-191, 196-206
	2-10	169, 173
	2-11	172, 174, 180
	2-12	164 -185, 190-191, 196-206, 215
	2-13	172-173, 180-181, 202-206
	2-14	172-173, 180-181, Sustainability Policy ( <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/Corporate-Social-Responsibility_2022_v01.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/Corporate-Social-Responsibility_2022_v01.pdf</a> )
	2-15	170, Capital Market Instruments Trading Brokerage Services Framework
	2-16	49, Code of Conduct
	2-17	216
	2-18	Corporate Governance Policy
	2-19	128-129, 187-188, Compensation Policy ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/Compensation-Policy/Compensation-Policy/100/411/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/Compensation-Policy/Compensation-Policy/100/411/0</a> )
	2-20	Compensation Policy
	2-21	Confidential information due to the Bank's policy.
	2-22	11, 14-15, 62-95, 125
	2-23	72-73, 118-131, 151,190-191

GRI STANDARD	DISCLOSURE	PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	2-24	172-173, 180-181, 196-206
	2-25	114-116, 122-123, 135, 141,155
	2-26	122-123
	2-27	49-50
	2-28	8, 145, 247, Supported Initiatives ( <a href="https://www.garantibbvainvestorrelations.com/en/sustainability/detail/Supported-Initiatives/864/3771/0">https://www.garantibbvainvestorrelations.com/en/sustainability/detail/Supported-Initiatives/864/3771/0</a> )
	2-29	96-99, Stakeholder Engagement ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Stakeholder-Engagement/860/8082/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Stakeholder-Engagement/860/8082/0</a> )
	2-30	All employees are free to unionize and act of their own free will. Declaration of Human Rights ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Declaration-of-Human-Rights/584/1866/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Declaration-of-Human-Rights/584/1866/0</a> )
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-1	62-65
	3-2	66-75
	3-3	66-95
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>	201-1	102-111
	201-2	66-67
	201-3	119-121,128,130, 187-189
	201-4	BRSA Consolidated Financials footnote 3.23. <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/GarantiBBVA-31122022-Consolidated_Financial_Report.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/GarantiBBVA-31122022-Consolidated_Financial_Report.pdf</a> During the reporting period, Garanti BBVA did not receive any financial support from the government.
<b>GRI 202: MARKET PRESENCE 2016</b>	202-1	All Garanti BBVA employees are paid above the minimum wage
	202-2	180-186
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>	203-1	88, 150
	203-2	153-157
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>	204-1	Supply Chain Management
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-1	Anti-Corruption Policy Statement
	205-2	94, 114-115, Anti Corruption Policy ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Anti-Corruption-Policy-Statement/1713/7947/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Anti-Corruption-Policy-Statement/1713/7947/0</a> )
	205-3	There is no evidence related to corruption during the reporting period.
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016</b>	206-1	200-201, Competition Policy Statement

GRI STANDARD	DISCLOSURE	PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS
<b>GRI 207: TAX 2019</b>	207-1	110, Tax Strategy and Reporting ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0</a> )
	207-2	110, 166, Tax Strategy and Reporting ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0</a> )
	207-3	Tax Strategy and Reporting ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Tax-Strategy-Reporting/1120/5561/0</a> )
	207-4	
<b>GRI 301: MATERIALS 2016</b>	301-1	Since the activities of the bank do not directly related to the specified disclosure, it is not located in the report.
	301-2	Since the activities of the bank do not directly related to the specified disclosure, it is not located in the report.
	301-3	Since the activities of the bank do not directly related to the specified disclosure, it is not located in the report.
<b>GRI 302: ENERGY 2016</b>	302-1	67, 144, A.2 Environmental Performance Data
	302-2	A.2 Environmental Performance Data
	302-3	144
	302-4	80, 152
	302-5	80, 152
<b>GRI 303: WATER AND EFFLUENTS 2018</b>	303-1	87, Water Management
	303-2	87, CDP Water Security - 2022
	303-3	A.2 Environmental Performance Data
	303-4	A.2 Environmental Performance Data
	303-5	A.2 Environmental Performance Data
<b>GRI 304: BIODIVERSITY 2016</b>	304-1	86, 93
	304-2	66-67, 139, 161
	304-3	86, 93, 155
	304-4	Environmental and Social Loan Policies <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0</a>
<b>GRI 305: EMISSIONS 2016</b>	305-1	144, 146,147, A.2 Environmental Performance Data
	305-2	144, 146,147, A.2 Environmental Performance Data
	305-3	144, 146,147, A.2 Environmental Performance Data
	305-4	144, A.2 Environmental Performance Data
	305-5	144, 146, 147, 152
	305-6	A.2 Environmental Performance Data
	305-7	A.2 Environmental Performance Data

GRI STANDARD	DISCLOSURE	PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS
<b>GRI 306: WASTE 2020</b>	306-1	Waste Management
	306-2	67, 86, 91, 156, Waste Management
	306-3	144, A.2 Environmental Performance Data
	306-4	A.2 Environmental Performance Data
	306-5	A.2 Environmental Performance Data
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	308-1	Code of Conduct for Suppliers <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Code-of-Conduct-for-Suppliers/1548/7096/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Code-of-Conduct-for-Suppliers/1548/7096/0</a>
	308-2	90, Environmental and Social Loan Policies ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0</a> )
<b>GRI 401: EMPLOYMENT 2016</b>	401-1	118, 120
	401-2	118-131
	401-3	118, 119
<b>GRI 402: LABOR/ MANAGEMENT RELATIONS 2016</b>	402-1	Our Bank adopts a compensation policy for its employees, which is in accordance with the provisions of the Labor Act of Turkey No. 4857 ("Turkish Labor Act"). The notice periods are applied as stipulated in the Law. <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Employee-Compensation-Policy/355/1264/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Employee-Compensation-Policy/355/1264/0</a>
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-1	83, 87, 119, 127, 131, Occupational Health and Safety Management
	403-2	87, 126-127, 211, 229
	403-3	87, 119, 126-127, 211
	403-4	83, 87, 119, 126-127, 131, 211, 229
	403-5	229
	403-6	83, 87, 119, 126-127, 131
	403-7	83, 126-127, 211
	403-8	Occupational Health and Safety Management (all locations are covered)
	403-9	127, 229
	403-10	127
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1	78, 118
	404-2	119, 124-126, 130-131
	404-3	In 2022, no occupational health-related disease was diagnosed.
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	405-1	80, 85, 87, 118, 129, 173-186, Suitability and Diversity Policy ( <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Suitability-and-Diversity-Policy/1874/8575/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Suitability-and-Diversity-Policy/1874/8575/0</a> )
	405-2	118, 128-129, 189

GRI STANDARD	DISCLOSURE	PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS
<b>GRI 406: NON-DISCRIMINATION 2016</b>	406-1	There is no non-compliance during the reporting period, 122, 123
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>	407-1	There is no non-compliance during the reporting period, 123
<b>GRI 408: CHILD LABOR 2016</b>	408-1	There is no non-compliance during the reporting period.
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>	409-1	There is no non-compliance during the reporting period.
<b>GRI 410: SECURITY PRACTICES 2016</b>	410-1	According to the Private Security Law No. 5188, Human Rights-related trainings are included in the basic security trainings received by our security personnel. In 2023, "Individual Rights" training is designed to be given separately.
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016</b>	411-1	There is no non-compliance during the reporting period.
<b>GRI 413: LOCAL COMMUNITIES 2016</b>	413-1	68-69, 72, 83-84, 155-160
	413-2	83-84, 155-160
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>	414-1	Environmental and Social Loan Policies <a href="https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0">https://www.garantibbvainvestorrelations.com/en/environment-social-governance/detail/Environmental-and-Social-Loan-Policies/853/3629/0</a>
	414-2	72-73
<b>GRI 415: PUBLIC POLICY 2016</b>	415-1	Garanti BBVA does not make contributions to electoral campaigns or donations to political parties. <a href="https://www.garantibbvainvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles_.pdf">https://www.garantibbvainvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles_.pdf</a>
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>	416-1	Since the activities of the bank do not directly related to the specified disclosure, it is not located in the report.
	416-2	There is no non-compliance during the reporting period.
<b>GRI 417: MARKETING AND LABELING 2016</b>	417-1	152
	417-2	There is no non-compliance during the reporting period.
	417-3	There is no non-compliance during the reporting period.
<b>GRI 418: CUSTOMER PRIVACY 2016</b>	418-1	96, 115, 135

## APPENDIX A.8: Support Services Providers

**SERVICE PROVIDER** – Service Detail

**AGRA FİNTECH YAZILIM ÇÖZÜMLERİ A.Ş.** – Software, maintenance and development for transferring, reading and analysing data

**ARAS KARGO YURT İÇİ VE YURT DIŞI TAŞIMACILIK A.Ş.** – Internal mail transportation from/to branches

**ATOS MÜŞTERİ HİZMETLERİ A.Ş.** – Marketing of retail products and services and of products and services classified as retail receivables

**ATOS MÜŞTERİ HİZMETLERİ A.Ş.** – Credit card sales, business place verification, credit card limit increase, address update and similar other calls via the Call Center

**ATOS MÜŞTERİ HİZMETLERİ A.Ş.** – Call center service for transferring customer requests regarding banking activities and products to the bank, receiving incoming calls and directing calls to the related contacts

**AUSTURIA CARD TURKEY KART OPERASYONLARI A.Ş.** – Card Printing and personalizing service

**BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA VE GÜVENLİK HİZMETLERİ A.Ş.** (Brink's Subcontractor) – Delivery

of cash, valuable papers, gold within the scope of Law No. 5188

**BBS DANIŞMANLIK GAYRİMENKUL VE EĞİTİM A.Ş.** – Operational transactions carried out before the title deed such as a mortgage, lease annotation, purchase and sale, registration, cancellation

**BDH BİLİŞİM VE DESTEK HİZMETLERİ A.Ş.** – Business place contract and document provision

**BHL TURKEY TEKNOLOJİ A.Ş.** – Marketing operations regarding real estate and auto loans

**BRİNK'S GÜVENLİK HİZMETLERİ A.Ş.** – Delivery of cash, valuable papers and similar valuable goods within the scope of Law No. 5188

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Credit card sales through the Call Center

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Declaration of liability and reminder calls services via the Call Center

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Marketing of retail products and services and of products and services classified as retail receivables

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Technical support and help desk call center service procurement

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Call center service for general information, transferring customer requests regarding banking activities to the bank, receiving incoming calls and directing calls to the related contacts

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Call center service for transferring customer requests regarding banking activities and products to the bank, receiving incoming calls and directing calls to the related contacts

**CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZMETLERİ A.Ş.** – Receiving incoming calls regarding banking activities such as general information, promotion of individual and retail products and services and transferring of requests in this direction, updating customer information, transferring customer requests regarding banking activities to the bank, and receiving call centre services.

**COORBİZ DANIŞMANLIK A.Ş.** – Marketing of retail products and services, including in the form of customer visits

**DESMER GÜVENLİK HİZMETLERİ**

**TİCARET A.Ş.** (Brink's Subcontractor)  
– Delivery of cash, valuable papers, and gold within the scope of Law No. 5188

**DHL WORLDWIDE EXPRESS**

**TAŞIMACILIK VE TİC. A.Ş.** – Delivery of documents for export transactions to correspondent banks

**ENDEKSA TEKNOLOJİ A.Ş.** – Marketing operations regarding real estate loan

**FATURALAB ELEKTRONİK TİC. VE BİLİŞİM HİZMETLERİ A.Ş.**

– Operational Services

**FİNEKSUS BİLİŞİM ÇÖZÜMLERİ**

**TİCARET A.Ş.** – SWIFT software maintenance, update and development services

**FU GAYRİMENKUL DANIŞMANLIK A.Ş.**

– The operational transactions carried out at the title deeds registry office such as mortgage, rent annotation, purchase, sale, registration and cancellation

**GARANTİ FİLO YÖNETİM HİZMETLERİ**

**A.Ş.** – Operational services for the sale of automobiles owned by the Bank

**GARANTİ KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ A.Ş.**

– Marketing operations regarding real estate loan

**GARANTİ KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ A.Ş.**

– Operational services for the sale of real estate owned by the Bank

**GARANTİ ÖDEME SİSTEMLERİ**

**A.Ş.** – Marketing, promotion, product development and marketing of retail products, including personal loans, with consultancy, for payment systems, especially debit and credit cards

**GLOBAL BİLGİ PAZARLAMA DANIŞMA VE ÇAĞRI SERVİSİ HİZMETLERİ**

**A.Ş.** – Marketing of retail products and services and of products and services classified as retail receivables

**GLOBAL BİLGİ PAZARLAMA DANIŞMA VE ÇAĞRI SERVİSİ HİZMETLERİ A.Ş.**

– Call center service for debt notification and reminder calls

**GLOBAL BİLGİ PAZARLAMA DANIŞMA VE ÇAĞRI SERVİSİ HİZMETLERİ**

**A.Ş.** – Call center service for transferring customer requests regarding banking activities and products to the bank, receiving incoming calls and directing calls to the related contacts

**GÜZEL SANATLAR ÇEK BASIM LİMİTED ŞİRKETİ**

– Czech printing service

**HANGİSİ İNTERNET VE BİLGİ HİZMETLERİ A.Ş.**

– Marketing operations regarding real estate and auto loans

**HOBİM ARŞİVLEME VE BASIM HİZMETLERİ A.Ş.**

– Storage of physical documents and archive boxes belonging to the bank

**HOBİM ARŞİVLEME VE BASIM HİZMETLERİ A.Ş.**

– Printing and enveloping service

**IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.**

– Storage of physical documents and archive boxes belonging to the bank

**KARBİL YAZILIM VE BİLİŞİM TEKNOLOJİLERİ TİCARET A.Ş.**

– Software development and upgrading service

**KARTEK KART VE BİLİŞİM TEKNOLOJİLERİ A.Ş.**

– POS software development and upgrading services

**KAYRAGRUP PAZARLAMA DANIŞMANLIK VE DESTEK HİZMETLERİ TİC. A.Ş.**

– Marketing of retail products and services and of products and services classified as retail receivables

**KEY YAZILIM ÇÖZÜMLERİ A.Ş.**

– Software, Maintenance and Development Service for Appraisal and Mortgage Applications

**KREDİ KAYIT BÜROSU A.Ş.** – Disaster recovery center back-up service

**LOOMİS GÜVENLİK HİZMETLERİ A.Ş.**

– Delivery of cash, valuable papers, and gold within the scope of Law No. 5188

**MATRİKS BİLGİ DAĞITIM HİZMETLERİ A.Ş.**

– Software/software maintenance/update services

**METİS BİLGİSAYAR SİSTEMLERİ**

**SAN. VE TİC. A.Ş.** – Marketing of retail products and services and of products and services classified as retail receivables

**METİS BİLGİSAYAR SİSTEMLERİ**

**SAN. VE TİC. A.Ş.** – Call center service for transferring customer requests regarding banking activities and products to the bank, receiving incoming calls and directing calls to the related contacts

**MT BİLGİ TEKNOLOJİLERİ VE DİŞ TİCARET A.Ş.**

– POS software development and upgrading services

**PAX TEKNOLOJİ VE PAZARLAMA A.Ş.**

– POS software development and upgrading services

**PAYTEN TEKNOLOJİ A.Ş.**

– Ensuring the Transaction between the Bank and Directory Server in 3D Secure Transactions

**PUSULA GİRİŞİM YATIRIM VE DANIŞMANLIK HİZMETLERİ A.Ş.**

– The operational transactions carried out at the title deeds registry office such as mortgage, rent annotation, purchase, sale, registration and cancellation

**SECURITAS GÜVENLİK HİZMETLERİ**

**A.Ş.** – Private Security Services within the scope of Law No. 5188

**SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. VE TİC. A.Ş.**

– Transfer of customer requests to the

bank, such as marketing for payment systems, especially debit cards and credit cards, and limit increase

**TEMPO ÇAĞRI MERKEZİ VE İŞ SÜREÇLERİ DİŞ KAYNAK HİZMETLERİ TİC. A.Ş.**

– Declaration of liability and reminder calls services via the Call Center

**TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SAN. A.Ş.**

– Private Security Services within the scope of Law No. 5188

**THOS HUKUK OTOMASYON SİSTEMLERİ YAZILIM A.Ş.**

– Software, maintenance and development service for legal proceedings, collection and litigation service management system

**VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.**

– POS software development and upgrading services

**VERİSOFT BİLGİ İŞLEM TİC. VE SAN. A.Ş.**

– POS software development and upgrading services

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Credit card sales through the call center

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Data entry and filing of customer requests submitted to the bank, feedback to the customer regarding the requests

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Declaration of liability and reminder calls services via the Call Center

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Data entry and filing of customer customer documents

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Marketing of retail products and services and of products and services classified as retail receivables s

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Call center services for transferring customer requests regarding banking products and activities to the bank, responding to incoming calls and directing calls to their attention.

**WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.**

– Receiving incoming calls regarding banking activities such as general information, promotion of individual and retail products and services and forwarding of requests in this direction, updating customer information, transferring customer requests regarding banking activities to the bank, and receiving call center services.

**WORLDLINE ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.**

– POS software development and upgrading services

# Contact Information

## HEAD OFFICE

Levent Nispetiye Mah. Aytar Cad.  
No:2 34340 Beşiktaş / İstanbul  
Tel: +90 212 318 18 18  
Fax: +90 212 318 18 88  
Telex: 27635 gatı tr  
Swift: TGBATRIS

## WEBSITE

[www.garantibbva.com.tr](http://www.garantibbva.com.tr)

## TRADE NAME

T. Garanti Bankası A.Ş.

## TRADE REGISTRY NO

159422

## DOMESTIC BRANCHES

Garanti BBVA has 863 domestic branches in 81 cities as of 2021 year end. Information on domestic branches is available on the Bank's website.

## INFORMATION ON SOCIAL MEDIA

You may follow Garanti BBVA on Facebook, Twitter, Instagram, YouTube and LinkedIn.

[www.facebook.com/GarantiBBVA](http://www.facebook.com/GarantiBBVA)

[www.twitter.com/garantibbva](http://www.twitter.com/garantibbva)

[www.instagram.com/garantibbva](http://www.instagram.com/garantibbva)

[www.linkedin.com/company/garanti-bbva](http://www.linkedin.com/company/garanti-bbva)

[www.youtube.com/garantibbva](http://www.youtube.com/garantibbva)

[www.twitter.com/garantiyesor](http://www.twitter.com/garantiyesor)

## 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 - GIRNE BRANCH

Mete Adanır Caddesi No:18  
Girne/TRNC  
Tel: +90 392 650 53 00  
Fax: +90 392 650 53 20

### TURKISH REPUBLIC OF NORTHERN CYPRUS - GAZIMAGUSA BRANCH

Sakarya Mahallesi Eşref Bitlis  
Caddesi No: 20 Gazimağusa/ KKTC  
Tel: +90 392 630 03 00  
Fax: +90 392 630 03 20

### TURKISH REPUBLIC OF NORTHERN CYPRUS - GIRNE CARSİ BRANCH

Mustafa Çağatay Caddesi No: 17  
Girne/ KKTC  
Tel: +90 392 650 53 30  
Fax: +90 392 650 53 50

### TURKISH REPUBLIC OF NORTHERN CYPRUS - GONYELİ BRANCH

Düzyol Sokak No: 12/B Gönyeli ,  
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

### TURKISH REPUBLIC OF NORTHERN CYPRUS - KUCUK KAYMAKLI BRANCH

Şehit Mustafa Ruso Caddesi No:86/A  
Küçük Kaymaklı Lefkoşa/KKTC  
Tel: +90 392 600 54 00  
Faks: +90 392 600 54 20

### MALTA BRANCH

Özgür Özdemir  
Strand Towers, 36 The Strand Sliema  
SLM 1022 Malta  
Tel: +356 232 88 000  
Fax: +356 232 88 160  
Swift: TGBAMTMTXXX

## REPRESENTATIVE OFFICES

### ŞANGHAY

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](http://www.garantibbvainvestorrelations.com) for additional information on Garanti BBVA.

## GARANTI BBVA INVESTOR RELATIONS WEBSITE IN TURKISH

[www.garantibbvayatirimciiliskileri.com](http://www.garantibbvayatirimciiliskileri.com)

## GARANTI BBVA INVESTOR RELATIONS WEBSITE IN ENGLISH

[www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)

## THE INVESTOR RELATIONS IPAD AND ANDROID TABLET APPLICATIONS



287 pages in total, Garanti BBVA Integrated Annual Report 2022 is printed in limited numbers to offer physical access to our stakeholders. Recycled paper and environmentally friendly technologies are used for printing.

## CONTENT MANAGEMENT

[www.fmiletisim.com](http://www.fmiletisim.com)



## VIDEO AGENCY

[www.mediarubic.com](http://www.mediarubic.com)



## DESIGN

[www.roundabout.com.tr](http://www.roundabout.com.tr)

**roundabout**

## PHOTOGRAPHY AGENCY

[www.pakart.com](http://www.pakart.com)



