

**BBVA**

Creating Opportunities

Accelerating  
profitable growth in  
our main markets:  
Turkey

RECEP BAŞTUĞ,  
COUNTRY MANAGER TURKEY



BBVA  
**Investor**  
Day

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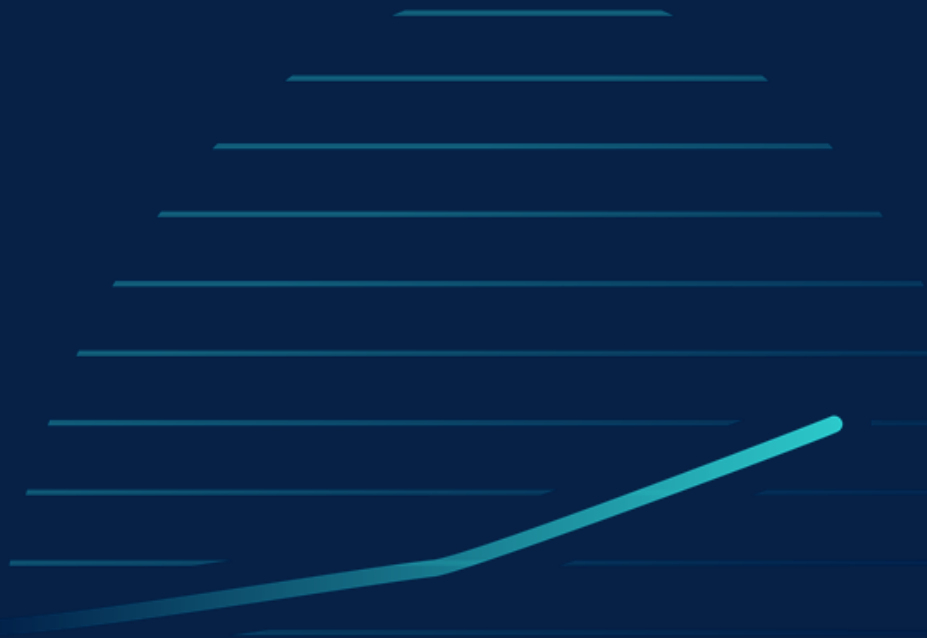
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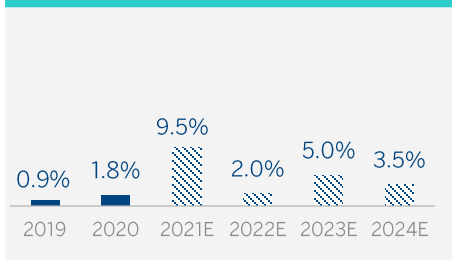
01

# Market Dynamics

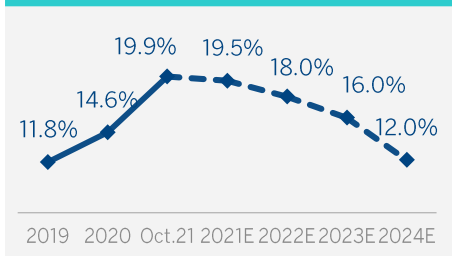


# Turkey: A Country with Strong Fundamentals and Long-Term Potential Despite Short-term Volatility

## GDP GROWTH



## INFLATION

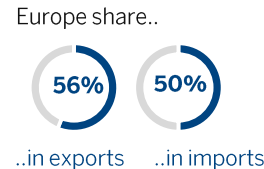


## TURKEY'S LONG-RUN POTENTIAL & KEY ANCHORS

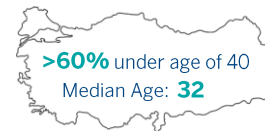
Still **high potential growth** in long-run



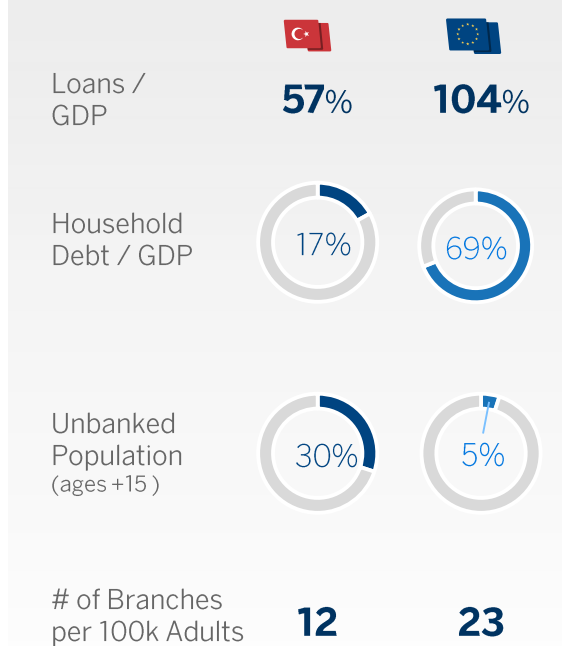
**Strategic geopolitical location**  
A **manufacturing hub** for Europe



**Favorable demographics**  
Young, growing and digital savvy population



## WELL REGULATED & STILL UNDERPENETRATED BANKING SECTOR

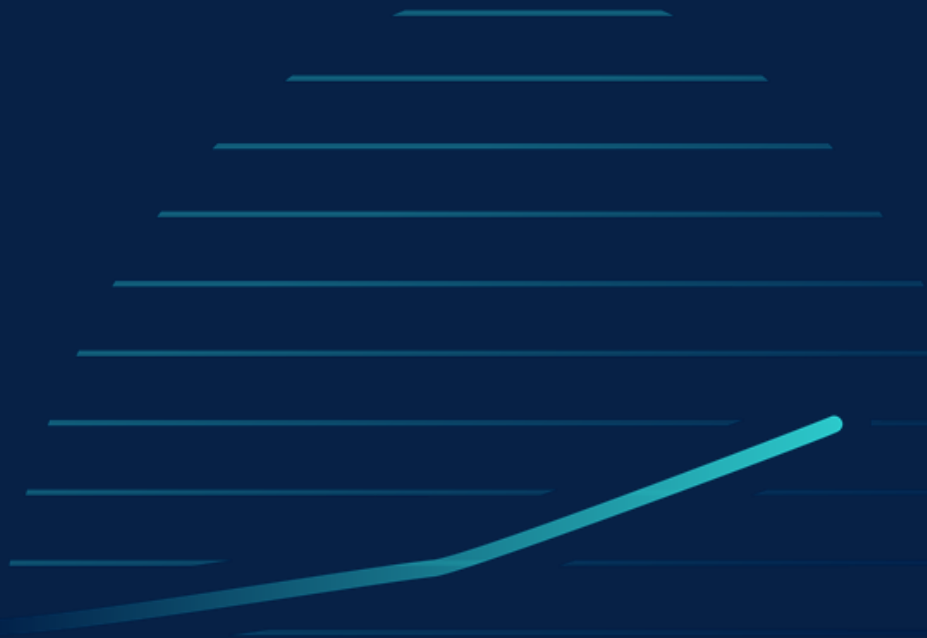


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02

# Competitive Overview



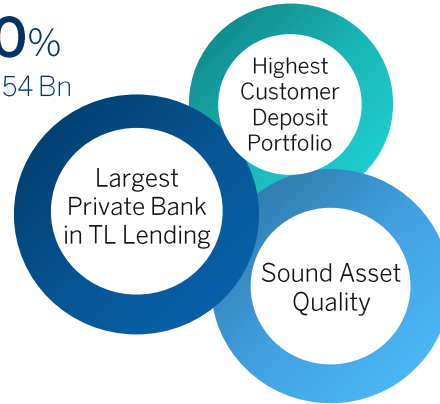
# Outstanding Performance Among Peers

## Leadership in TL Lending & Sustainable Funding Base

### LEADERSHIP IN RETAIL LENDING MARKET SHARE GAIN ACROSS THE BOARD

		Y-t-D bps	
Mortgage	29%	<b>+98</b>	<b>#1</b>
General Purpose	19%	<b>+36</b>	<b>#1</b>
Retail Issuing Volume	24%	<b>+113</b>	<b>#1</b>
Auto	36%	<b>+85</b>	<b>#1</b>
TL Business	19%	<b>+118</b>	<b>#2</b>

MARKET SHARE  
#1  
**20%**  
TL 254 Bn



MARKET SHARE  
#1  
**19%**  
TL 172 Bn

### HIGHEST DEMAND DEPOSIT (TL Bn)



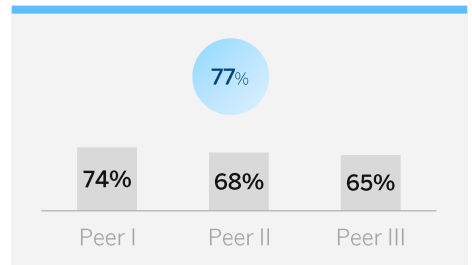
### REMARKABLE TL LOAN GROWTH CAGR (16-21)

**18%** Private **14%**

### LOWEST NPL RATIO<sup>1</sup>

**4.0%** | **5.2%**  
 **Peers avg.**

### HIGHEST NPL COVERAGE

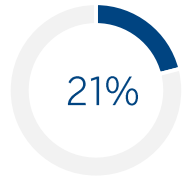


Note: Market shares among private banks (1) 9M21

Note : Adjusted with write-downs in 2020 and 9M 2021

# Outstanding Performance Among Peers

Unrivaled Leadership in All Financial Indicators



Net Interest  
Income  
Market Share

HIGHEST  
NIM

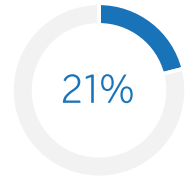
**4.3%**

>1% gap  
with the next peer

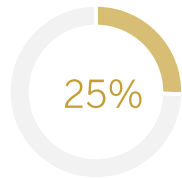
HIGHEST F&C INCOME  
(TL BN)

**6.1**

TL 0.8 Bn gap  
with the next peer



F&C Income  
Market Share



Net Income  
Market Share

HIGHEST NET INCOME  
(TL BN)

**9.1**

TL 11 bn  
incl Free Provisions

**50% gap**  
with the next peer

HIGHEST  
ROE

**19.3%**

21.5 %  
incl Free Provisions

>3% gap  
with the next peer





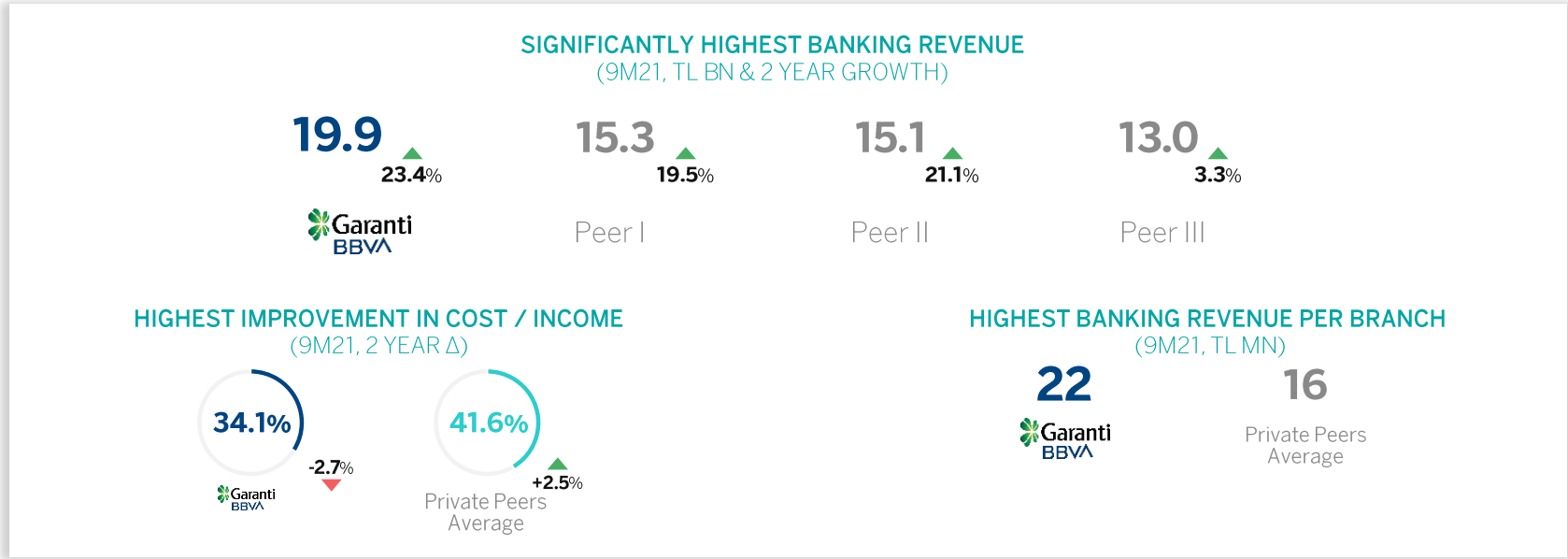
# Main Competitive Advantages Leading to Outstanding Results



# Competitive Advantages

## 1) Highest Network Productivity & Efficiency

### HIGH GROWTH BRINGING PRODUCTIVITY & EFFICIENCY GAINS



Note: Banking Revenues = NII – Swap Cost + Net Fees & Commissions

OPEX excluding currency impact is used in the calculation of efficiency ratios. 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)

# Competitive Advantages

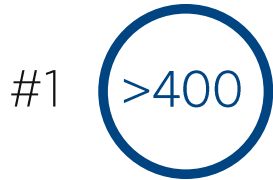
## 2A) Leadership in Payment System Business

### HIGHEST CARD CUSTOMER & MERCHANT BASE AMONG PRIVATE

# OF CARD CUSTOMERS  
(SEP.21, MN)



# OF MERCHANTS  
(JUN.21, TH)



### HIGHEST EVER MARKET SHARES IN BOTH ISSUING & ACQUIRING

#1

RETAIL ISSUING VOLUME MS%  
(9M 21)

24%  
+41BPS

#2

ACQUIRING VOLUME MS%  
(9M 21)

24%  
+52BPS

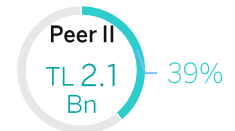
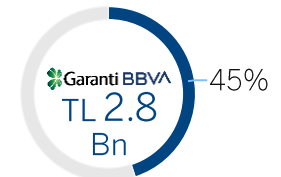
E-COMMERCE VOLUME MS%  
(9M 21)

20%  
+1.6%

#2\*

### HIGHEST COMMISSION CONTRIBUTION

NET PAYMENTS SYSTEM COMMISSIONS & SHARE IN TOTAL F&C (9M 21, TL Bn)

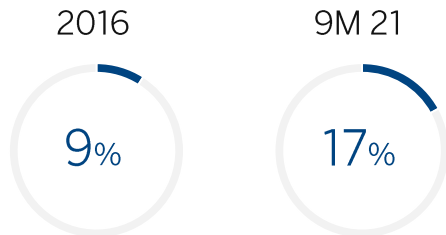


Note: Market shares, among private banks and market share changes are Y-t-D  
\* Sep'21

# Competitive Advantages

## 2B) Integrated Financial Services with High Value Verticals

### SUBSIDIARIES' CONTRIBUTION TO NET INCOME<sup>(1)</sup>



### PENSION

#1 **Highest** number of **participants in Pension System** with >16% market share

### BROKERAGE

#1 **Highest retail brokerage commission income**  
 # 1 in IPOs as Consortium Leader

### INSURANCE

#1 **Highest non-life premium production** through bank channel (among private)

### MUTUAL FUNDS

**Highest growth among peers Y-t-D 130% with +50 new funds**

(1) Consolidated figures

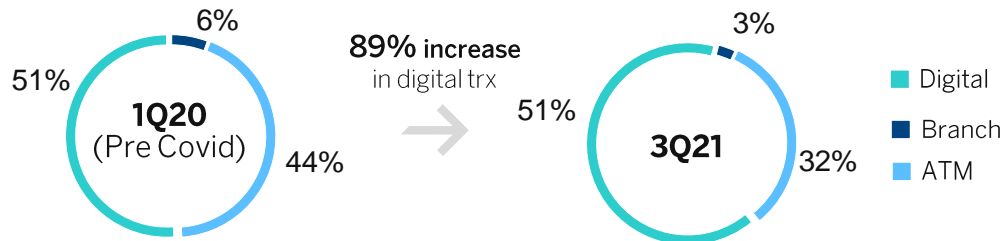
# Competitive Advantages

## 3) Best-in Class Technology / Digital Experience

### NUMBER OF ACTIVE CUSTOMERS<sup>1</sup> (MN)



### CUSTOMER TRANSACTIONS<sup>2</sup>



### EXCEEDED 10 MN MOBILE CUSTOMERS! WITH +2.0 MN NEW CUSTOMERS SINCE MAR.20

**+60%** Increase in the number of monthly logins since the beginning of 2020

**19%** Market share in mobile financial transactions

**>80%** Share of digital in total sales (per unit)

(1) Active: login in last 3 months

(2) Based on Top Transactions (i.e. Bill payment, Money transfer and FX transactions) that make up 90% of total transactions

# Competitive Advantages

## 4) Top Brand Power & Excellent Customer Experience

### BEST-IN CLASS CUSTOMER EXPERIENCE



SMEs  
NPS

#1



Individuals  
NPS

#2

### HIGHEST BRAND POWER AND MOST VALUABLE BANK



Brand Power  
Among Private Peers

#1



Most Valuable Bank  
By Market Capitalization

#1

Note:

**Net Promoter Score** research is conducted by independent research agency Ipsos for Garanti BBVA. According to the research results, Garanti BBVA has the 2nd highest Net Promoter Score among retail customers representing its own profile and leader among SME customers, in both cases compared to its competition, which includes Is ,bank, Akbank, Yapı Kredi Bank, and QNB Finansbank. Research was conducted throughout 2021. Main bank customers, who have communicated with the banks over the last 3 months, were surveyed using online panel and telephone techniques by quota sampling.

**Brand Power** research is conducted by independent research agency Kantar for Garanti BBVA. According to the research results, Garanti BBVA has the highest Brand Power score among competition which are Ziraat Bankası, İş Bankası, Yapı Kredi Bankası, TEB, QNB Finansbank, Vakıfbank, ING, Denizbank and Akbankası in Q3. Research was conducted throughout 2021. Our target audience is main bank customers. We were conducting surveys via online panel by quota sampling.

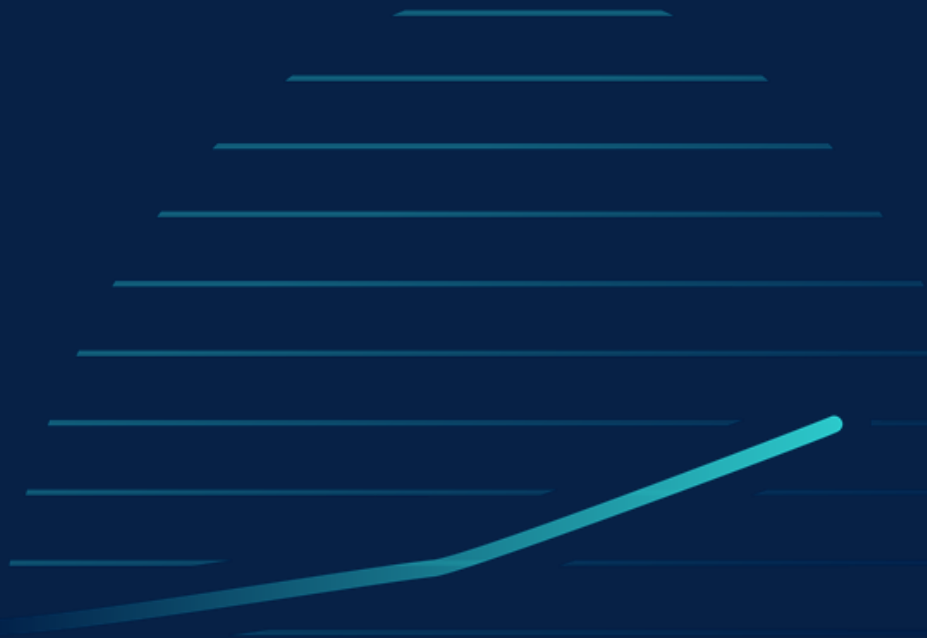
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03

Strategy

Going Forward



# A clear focus on our objectives



- 1 | **A larger and more profitable bank**
- 2 | **A distinctive bank for our clients**  
based on a unique value proposition
- 3 | **Continue leading efficiency**  
through operational excellence



# Boost Customer Growth on Profitable Segments

1) A larger and more profitable bank fostering profitable growth

## STRATEGIC FOCUS



Credit Card  
Customers



Payroll  
& Pension



General Purpose  
Loans & Overdraft  
Customers



Micro  
Segment

**20 Mn**  
total customer  
base

**+1.5 Mn**  
new customer  
acquisition  
annually

**Lower  
Attrition**

**x2**  
in profitability vs.  
w/o card

**>50%** of  
new customer acquisition  
from payroll

**47%** of  
GPL granted to  
payroll customers

Consolidated leadership in card and payroll customers

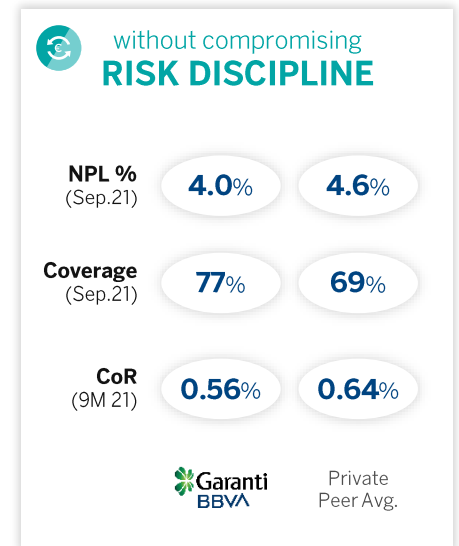
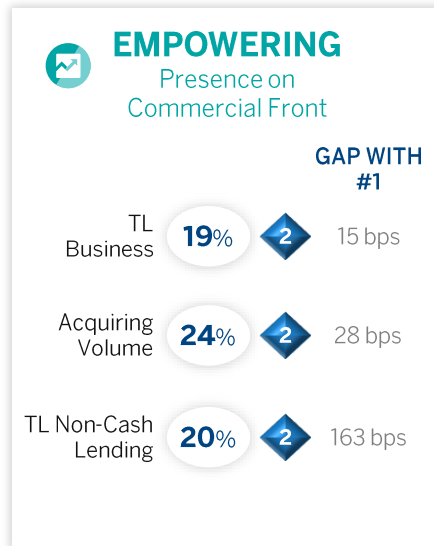
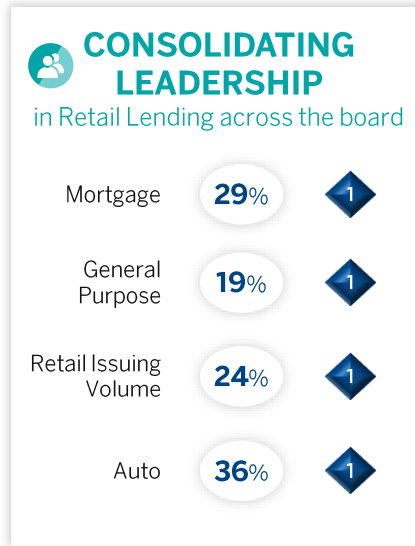
## KEY LEVERS

- > Increase % of E2E digital onboarding
- > Leveraging on our strength in business banking
- > Loyalty focused actions

Tapping "Unbanked" Potential

# Sustain Leadership in Profitable Products / Segments

1) A larger and more profitable bank fostering profitable growth



### KEY LEVERS

- > AI Based Risk Models
- > Leveraging Digital Capabilities E2E commercial lending
- > Boost Cross-Sell

# Unique Value Proposition

2) A distinctive bank with a unique value proposition

## Sustainability

### MANY FIRSTS IN THE MARKET AND IN THE WORLD

#### KEY PROGRESS

- First & only bank in Turkey to join **Net Zero Banking Alliance**
- **Carbon Neutral Bank** as of 2020
- First bank in Turkey with **coal phase-out plan**

**100%** renewable energy financing in new Project Finance loans since 2014

Market Leader  
**24.7%** share in wind farm financing

#### STRATEGIC FOCUS / KEY LEVERS

- New / Innovative Solutions
- Diversify sustainable finance portfolio
- Advisory Role
- Women Entrepreneurship Support

#### TURKEY

**#5** in Europe in renewable energy installed capacity

**#2** in new capacity additions (2016-20)

## Financial Health / Advice

- New tools and features on Mobile
- New advertising platform focused on Financial Health



### BONUS CHECK-UP

Reasons for decline & tips for improvement





- More **personalized, proactive, impactful** guidance
- Focus both on savings and lending solutions

## Capture Growth Opportunities




# Operational Excellence

3) Continue leading efficiency, through operational excellence

## STRATEGIC FOCUS

-  Constantly Improving **Business Model with Efficiency Focus**
-  Optimizing **Relationship Model**
-  Ongoing Digital Migration - Position Mobile as **"Center of Experience"**
-  Leveraging **Digital as Primary Growth Area** for Sales



## KEY LEVERS

-  Remote Roles / Central Customer Service Representative
-  Process Focus / Robotic Process Automation
-  Further Re-Channeling & Digital Sales Boost
-  Digitalization of Enterprises / SMEs

### Cost / Income

34.1%  -2.7%  
in last 2 yrs





### # of Branches

968  874  -94  
Dec.16 Sep.21

>80%  
Share of Digital Sales  
(in units)

# Key Takeaways

## Unrivaled leadership

-  Turkey's best bank with a distinctive value proposition and leaderships in key areas
-  Proven track record of solid financial results
-  Sustainable Profit Generation and robust growth
-  Pioneer in Digital Capabilities

## Looking ahead

-  Sustain by far Leadership in profitability:
  - > Focus on customer growth
  - > Sustain leadership in key products – without compromising risk and price disciplines
-  Operational excellence – leverage digital capabilities
-  Unique Value Propositions– financial health and sustainability

OUR AMBITIOUS GOALS  
(consolidated)

**REVENUE** (2022-2024)  
CAGR: High-teens

**COST / INCOME** (2024)  
Low **30's**

**CoR** (Avg., 2022-2024)  
**<150 bps**

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A stylized graphic consisting of horizontal lines of varying lengths that form a triangular shape, with a single line curving upwards from the bottom left towards the top right, resembling a line graph or a rising trend.

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