Accelerating profitable growth in our main markets: Turkey

RECEP BAŞTUĞ, COUNTRY MANAGER TURKEY
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02  Competitive Overview

03  Strategy Going Forward
01
Market Dynamics
Turkey: A Country with Strong Fundamentals and Long-Term Potential Despite Short-term Volatility

**GDP Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>0.9%</td>
<td>1.8%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>5.0%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

**Inflation**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>11.8%</td>
<td>14.6%</td>
<td>19.9%</td>
<td>19.5%</td>
<td>18.0%</td>
<td>16.0%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

**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
  - >60% under the age of 40
  - Median Age: 32

**EUROZONE**

- 3.5%

**Turkey**

- 1.6%

**Europe Share**

- 56% in exports
- 50% in imports

**Well Regulated & Still Underpenetrated Banking Sector**

- Loans / GDP: 57% vs. 104%
- Household Debt / GDP: 17% vs. 69%
- Unbanked Population (ages +15): 30% vs. 5%
- # of Branches per 100k Adults: 12 vs. 23

Source: BRSA, World Bank, CEIC Data Eurostat
02
Competitive Overview
Outstanding Performance Among Peers
Leadership in TL Lending & Sustainable Funding Base

LEADERSHIP IN RETAIL LENDING
MARKET SHARE GAIN ACROSS THE BOARD

<table>
<thead>
<tr>
<th>Product</th>
<th>Y-t-D bps</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>29%</td>
<td>+98</td>
</tr>
<tr>
<td>General Purpose</td>
<td>19%</td>
<td>+36</td>
</tr>
<tr>
<td>Retail Issuing Volume</td>
<td>24%</td>
<td>+113</td>
</tr>
<tr>
<td>Auto</td>
<td>36%</td>
<td>+85</td>
</tr>
<tr>
<td>TL Business</td>
<td>19%</td>
<td>+118</td>
</tr>
</tbody>
</table>

MARKET SHARE
#1
19%
TL 172 Bn

MARKET SHARE
#1
20%
TL 254 Bn

Highest Customer Deposit Portfolio
Largest Private Bank in TL Lending
Sound Asset Quality

HIGHEST DEMAND DEPOSIT (TL BN)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer I</td>
<td>44.9</td>
</tr>
<tr>
<td>Peer II</td>
<td>35.9</td>
</tr>
<tr>
<td>Peer III</td>
<td>29.9</td>
</tr>
</tbody>
</table>

HIGHEST NPL COVERAGE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer I</td>
<td>74%</td>
</tr>
<tr>
<td>Peer II</td>
<td>68%</td>
</tr>
<tr>
<td>Peer III</td>
<td>65%</td>
</tr>
</tbody>
</table>

REMARKABLE TL LOAN GROWTH CAGR (16-21)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Garanti BBVA</td>
<td>18%</td>
</tr>
<tr>
<td>Private</td>
<td>14%</td>
</tr>
</tbody>
</table>

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

**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

**Highest Net Income (TL BN)**
- 9.1
- 50% gap with the next peer

**Highest ROE**
- 19.3%
- 21.5% incl Free Provisions
- >3% gap with the next peer

Note: BRSA Bank-Only 9M21 Results, market shares among private banks
Main Competitive Advantages Leading to Outstanding Results

Highest Network Productivity & Efficiency
Leadership in Payment System Business & Integrated Financial Services

Garanti BBVA
Best Bank in Turkey

Best-in Class Technology / Digital Experience
Top Brand Power & Excellent Customer Experience
Competitive Advantages
1) Highest Network Productivity & Efficiency

HIGH GROWTH BRINGING PRODUCTIVITY & EFFICIENCY GAINS

SIGNIFICANTLY HIGHEST BANKING REVENUE
(9M21, TL BN & 2 YEAR GROWTH)

<table>
<thead>
<tr>
<th></th>
<th>19.9</th>
<th>15.3</th>
<th>15.1</th>
<th>13.0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23.4%</td>
<td>19.5%</td>
<td>21.1%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Peer I</td>
<td>Peer II</td>
<td>Peer III</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

HIGHEST IMPROVEMENT IN COST / INCOME
(9M21, 2 YEAR ∆)

<table>
<thead>
<tr>
<th></th>
<th>34.1%</th>
<th>41.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garanti</td>
<td>Garanti</td>
<td></td>
</tr>
<tr>
<td>BBVA</td>
<td>BBVA</td>
<td></td>
</tr>
</tbody>
</table>

-2.7%  +2.5%

Private Peers Average

HIGHEST BANKING REVENUE PER BRANCH
(9M21, TL MN)

<table>
<thead>
<tr>
<th></th>
<th>22</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garanti</td>
<td>Garanti</td>
<td></td>
</tr>
<tr>
<td>Private Peers Average</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>HIGHEST CARD CUSTOMER &amp; MERCHANT BASE AMONG PRIVATE</th>
<th>HIGHEST EVER MARKET SHARES IN BOTH ISSUING &amp; ACQUIRING</th>
<th>HIGHEST COMMISSION CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td># OF CARD CUSTOMERS (SEP.21, MN)</td>
<td>#1 [RETAIL ISSUING VOLUME MS% (9M 21)]</td>
<td>NET PAYMENTS SYSTEM COMMISSIONS &amp; SHARE IN TOTAL F&amp;C (9M 21, TL BN)</td>
</tr>
<tr>
<td>#1 7.7</td>
<td>24% +41 BPS</td>
<td>Garanti BBVA 45% TL 2.8 Bn</td>
</tr>
<tr>
<td># OF MERCHANTS (JUN.21, TH)</td>
<td>#2 [ACQUIRING VOLUME MS% (9M 21)]</td>
<td>Peer I 43% TL 2.3 Bn</td>
</tr>
<tr>
<td>#1 &gt;400</td>
<td>24% +52 BPS</td>
<td>Peer II 39% TL 2.1 Bn</td>
</tr>
</tbody>
</table>

### Notes:
- 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(1)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Income Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9%</td>
</tr>
<tr>
<td>9M 21</td>
<td>17%</td>
</tr>
</tbody>
</table>

(1) Consolidated figures

**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
Competitive Advantages
3) Best-in-Class Technology / Digital Experience

**NUMBER OF ACTIVE CUSTOMERS**

<table>
<thead>
<tr>
<th>Digital</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.6</td>
<td>10.1</td>
</tr>
</tbody>
</table>

#1

<table>
<thead>
<tr>
<th>Peer I</th>
<th>Peer II</th>
<th>Peer III</th>
<th>Peer I</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.8</td>
<td>8.5</td>
<td>6.0</td>
<td>9.6</td>
</tr>
</tbody>
</table>

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

- Increase in the number of monthly logins since the beginning of 2020: +60%
- Market share in mobile financial transactions: 19%
- Share of digital in total sales (per unit): >80%

**CUSTOMER TRANSACTIONS**

1Q20 (Pre Covid)

- 6%
- 51%
- 89% increase in digital transactions

3Q21

- 3%
- 51%
- 32%

(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 Q4. Research was conducted throughout 2021. Our target audience is main bank customers. We were conducting surveys via online panel by quota sampling.
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

**KEY LEVERS**

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

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

Tapping "Unbanked" Potential
Sustain Leadership in Profitable Products / Segments

1) A larger and more profitable bank fostering profitable growth

**CONSOLIDATING LEADERSHIP**
in Retail Lending across the board

- Mortgage 29%
- General Purpose 19%
- Retail Issuing Volume 24%
- Auto 36%

**EMPOWERING**
Presence on Commercial Front

- GAP WITH #1
  - TL Business 19% 15 bps
  - Acquiring Volume 24% 28 bps
  - TL Non-Cash Lending 20% 163 bps

**MARGIN**
Focused

- Core NIM (9M 21)
  - 3.0% 1.3%

- Garanti BBVA
  - Private Peer Avg.

**without compromising RISK DISCIPLINE**

- NPL % (Sep.21)
  - 4.0% 4.6%

- Coverage (Sep.21)
  - 77% 69%

- CoR (9M 21)
  - 0.56% 0.64%

**KEY LEVERS**

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

Core NIM adjusted for swap cost and CPI-linked income.
Unique Value Proposition

2) A distinctive bank with a unique value proposition

**Sustainability**

**MANY FIRSTS IN THE MARKET AND IN THE WORLD**

- 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**

**KEY PROGRESS**

- 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

### Cost / Income

- **34.1%**
- **-2.7%** in last 2 yrs

### # of Branches

- **968** (Dec.16)
- **874** (Sep.21)

\[-94\]

### >80% Share of Digital Sales (in units)

### 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
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