

# **Voluntary Takeover Bid to acquire Garanti BBVA's minorities**

November 15<sup>th</sup>, 2021

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# Voluntary Cash Takeover Bid to acquire Garanti BBVA minorities

- Voluntary Takeover Bid (VTB) for up to 50.15% of Garanti BBVA shares currently not owned by BBVA
- VTB to begin after regulatory approvals have been obtained, expected to close in Q1 2022
- The offer is subject to no conditionality and BBVA will be satisfied with any resulting level of ownership
- In the event that the 50% ownership threshold is surpassed, BBVA will be able to increase its stake in the future without the need to launch an additional takeover bid

## TRANSACTION TERMS AND SUMMARY OF IMPACTS

<b>PRICE PER SHARE (TRY)<sup>1</sup></b>	<b>12.20</b>
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P/ E '22e	<b>3.6x</b>
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P/ TBV Sep 21	<b>0.7x</b>
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## BBVA GROUP SHAREHOLDERS' EXPECTED IMPACTS (%)<sup>2</sup>

EPS '22e <sup>3</sup> accretion	<b>+13.7%</b>
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TBV Sep 21 accretion	<b>+2.3%</b>
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Maximum CET1 FL consumption Sep 21 pro-forma (bps) <sup>4</sup>	<b>-46 bps</b>
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## GARANTI BBVA SHAREHOLDERS' OFFERED PREMIUM (%)

VWAP <sup>5</sup> 6M	<b>34%</b>
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VWAP <sup>5</sup> 1M	<b>24%</b>
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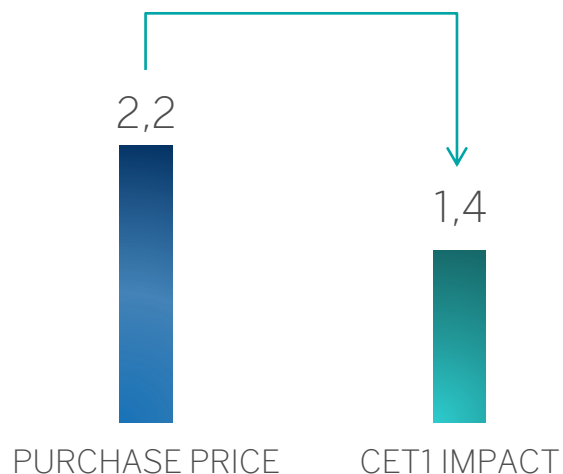
Last Closing (11/12/2021)	<b>15%</b>
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(1) All references to shares shall be deemed made to lots of 100 shares, which is the trading unit at Borsa Istanbul (2) Considering the maximum 50.15% take-up (3) The impact on earnings per share for 2022 was made taking into consideration for Garanti BBVA the Bloomberg consensus estimates of net income amounting to 14,276 million Turkish Lira and for BBVA the company gathered consensus estimates of net income amounting to 4,052 million Euro. The exchange rate applied was 12.91 Turkish Lira per Euro as per the average of FX forward curve for 2022 as of November, 12, 2021 (4) CET1 FL pro-forma Sep 21 post share buyback (5) Volume weighted average price

# The transaction creates significant value for BBVA shareholders

## VALUE UNLOCKED DUE TO INEFFICIENT TREATMENT OF MINORITIES ON CET1

### PURCHASE PRICE VS. CET1 IMPACT (BILLION EUROS; CONSIDERING THE MAXIMUM 50.15% TAKE-UP)



Currently only c.70% of the capital provided by minorities is eligible for computation in CET1

## SIGNIFICANT EPS AND TBV/ SHARE ACCRETION

### IMPACTS

(CONSIDERING THE MAXIMUM 50.15% TAKE-UP)

- CET1 (Sep 21 pro-forma)<sup>1</sup> **- 46 BPS**
- EPS '22e<sup>2</sup> **+13.7%**
- TBV (Sep 21) **+2.3%**

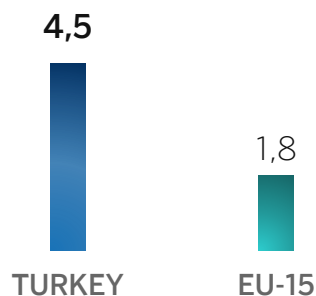
(1) CET1 FL pro-forma Sep 21 after share buyback (2) The impact on earnings per share for 2022 was made taking into consideration for Garanti BBVA the Bloomberg consensus estimates of net income amounting to 14,276 million Turkish Lira and for BBVA the company gathered consensus estimates of net income amounting to 4,052 million Euro. The exchange rate applied was 12.91 Turkish Lira per Euro as per the average of FX forward curve for 2022 as of November, 12, 2021

# Turkey: a country with strong fundamentals and long-term potential despite short-term volatility

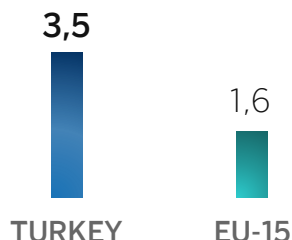
## HIGH POTENTIAL ECONOMIC GROWTH

### GDP GROWTH (PERCENTAGE)

2015-2021 CAGR

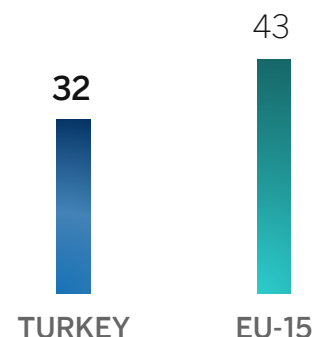


Potential GDP growth



## OUTSTANDING DEMOGRAPHICS

### MEDIAN AGE (2020)



## MANUFACTURING HUB FOR EUROPE

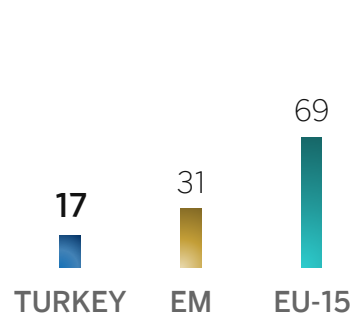
### EXPORTS BY DESTINATION (PERCENTAGE, 2020)



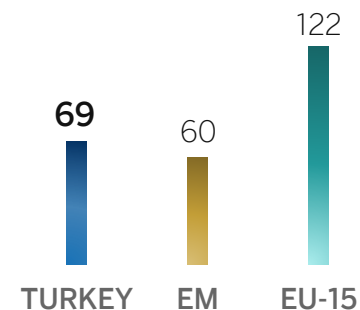
of Turkish exports  
had Europe as  
destination in 2020

## BANKING SECTOR WITH GREAT UPSIDE POTENTIAL

### HOUSEHOLD DEBT TO GDP (PERCENTAGE, 2021 Q2)



### CORPORATE DEBT TO GDP (PERCENTAGE, 2021 Q2)



# Garanti BBVA: the best bank in Turkey

## LEADING MARKET SHARES

### LOANS AND DEPOSITS MARKET SHARES, PRIVATE BANKS (SEPTEMBER 2021)

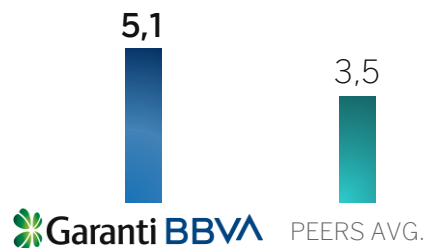
- > TL LOANS **20%** (#1)
- > TL DEPOSITS **19%** (#1)

### PAYMENTS MARKET SHARES, PRIVATE BANKS (VOLUMES; 9M 2021)

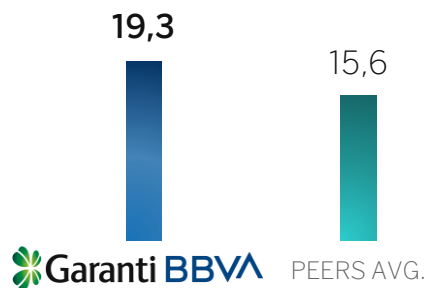
- > ISSUING **24%** (#1)
- > ACQUIRING **24%** (#2)
- > E-COMMERCE **22%** (#1)

## THE MOST PROFITABLE BANK

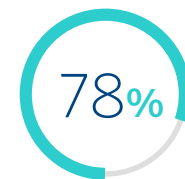
### PRE-PROVISION PROFIT / AVG. INTEREST EARNING ASSETS (PERCENTAGE, 9M 2021)



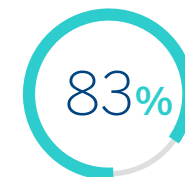
### ROE (PERCENTAGE, 9M 2021)



## DIGITAL EDGE AND THE BEST CUSTOMER EXPERIENCE



**Mobile customers' penetration**  
(SEP 2021)



**Digital Sales**  
(9M 2021 in units)

### NET PROMOTER SCORE AND BRAND POWER (RANKING, JUNE 2021)

NPS RETAIL (#2)

NPS SMEs (#1)

BRAND POWER (#1)

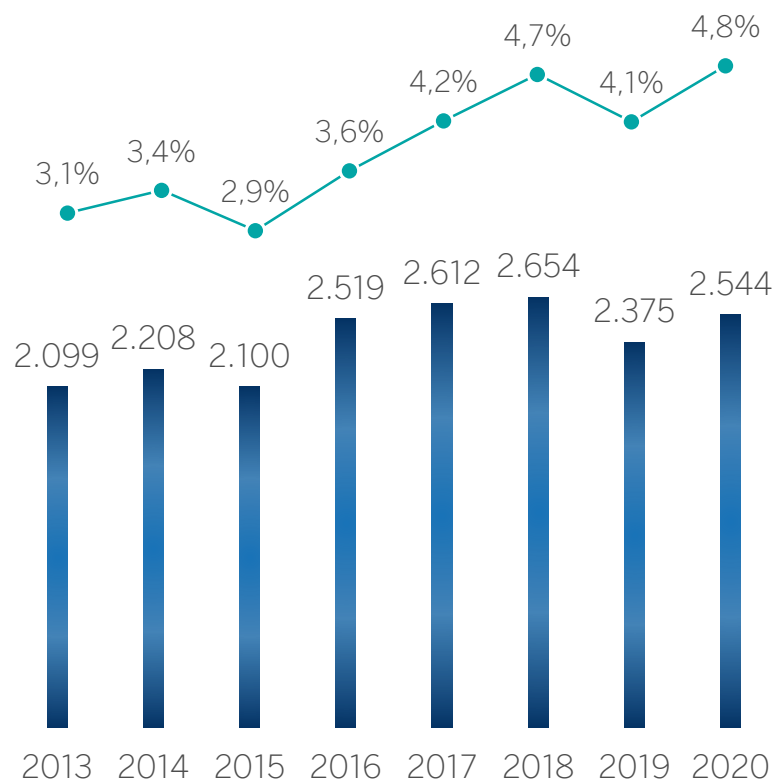
**The first and only bank in Turkey to join Net Zero Banking Alliance**

# Business model resilience even in a complex environment

## HIGH PRE-PROVISION PROFIT GENERATION CAPACITY

### PRE-PROVISION PROFIT

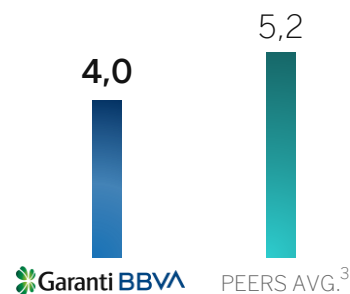
(MILLION, CURRENT EUROS AND AS A % OVER RWAs)



## SOUND RISK AND CAPITAL MANAGEMENT

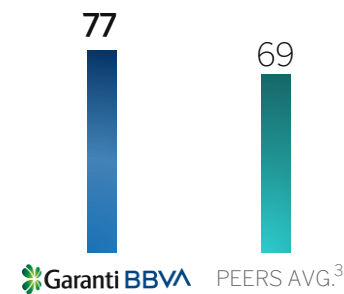
### NPL RATIO<sup>1</sup>

(PERCENTAGE, 9M 2021)



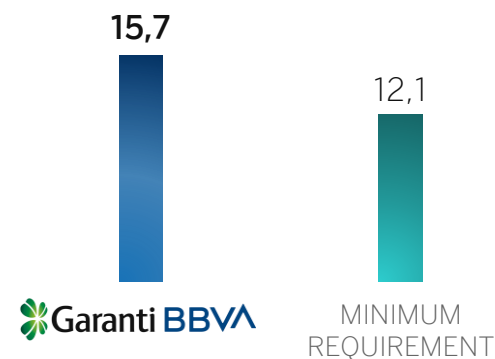
### COVERAGE RATIO<sup>1,2</sup>

(PERCENTAGE, SEP 2021)



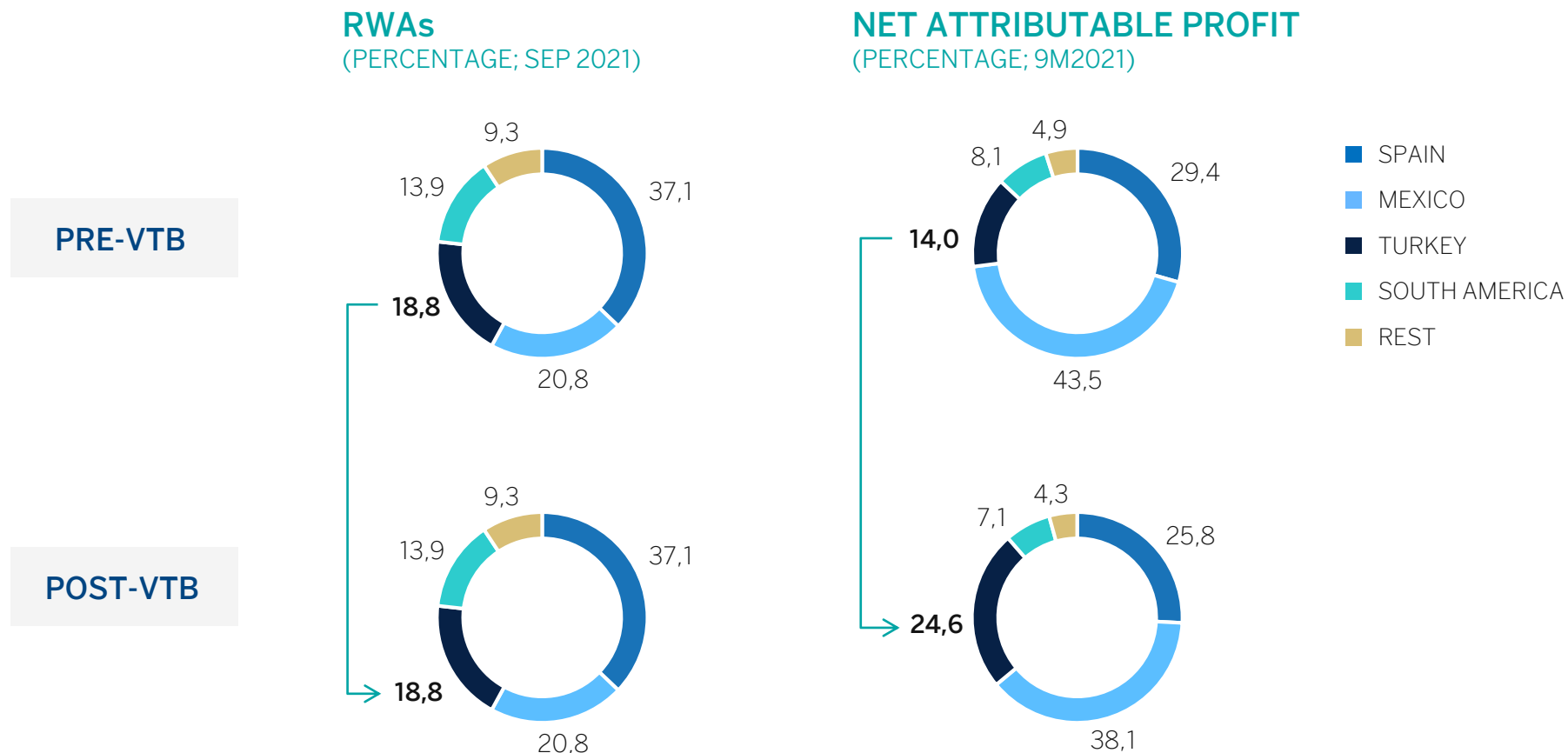
### CAPITAL ADEQUACY RATIO<sup>1</sup>

(PERCENTAGE, 9M 2021)



(1) Bank only BRSA local figures. (2) coverage ratio adjusted by write-downs (3) Peer group : Akbank, Isbank, YKB. Source: BRSA

# Turkey's NAP contribution to BBVA increases from 14% to up to 25% with no impact on consolidated RWAs



**BBVA's multiple point of entry model limits downside risks**



# Attractive price for minority shareholders

## GARANTI BBVA PRICE EVOLUTION<sup>1</sup> (TURKISH LIRAS PER SHARE)

### Premium

VWAP<sup>2</sup> 6M **34%**

VWAP<sup>2</sup> 1M **24%**

Last Closing (11/12/21) **15%**



# Takeaways

- **The transaction creates significant value for our shareholders, eliminates capital inefficiencies and it is aligned with BBVA's strategy to grow in core markets**
- **Turkey is a country with strong fundamentals and long-term potential**, despite short-term volatility
- **Garanti BBVA is the best bank in the country**, outperforming its peers in all key financial and risk metrics, with leading digital capabilities
- **Garanti BBVA has been part of the BBVA Group for the past 11 years. Throughout this period, we have observed the resilience of Garanti BBVA's business model and financials** even in a complex environment
- **Garanti BBVA** is already fully integrated into our risk management framework
- BBVA's offer provides an **opportunity for current shareholders to sell at a very attractive premium**

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