

# OUR VALUE CREATION

GRI 102-46



INPUT

## FINANCIAL CAPITAL

We use capital effectively so as to maximize the value to be created. Our dynamically managed and deposit driven funding base together with well diversified funding mix and opportunistic utilization of alternative funding drives our disciplined, sustainable and capital generative growth. With a 8 points reduction of cost to income ratio since 2015, it is our goal to constantly improve our business model and processes with an operational and environmental efficiency point of view and seek cost revenue synergies.

## DIGITAL & INTELLECTUAL CAPITAL

We constantly invest in digital platforms so as to provide transaction convenience, unrivaled customer experience and pioneering solution suggestions to our 8.4 million digital banking customers. We expand our digital customer base and increase the share of digital channels in our sales. We take precautions against all risks which could prevent secure and uninterrupted service (e.g. cyber threats) ensuring information security.

## HUMAN CAPITAL

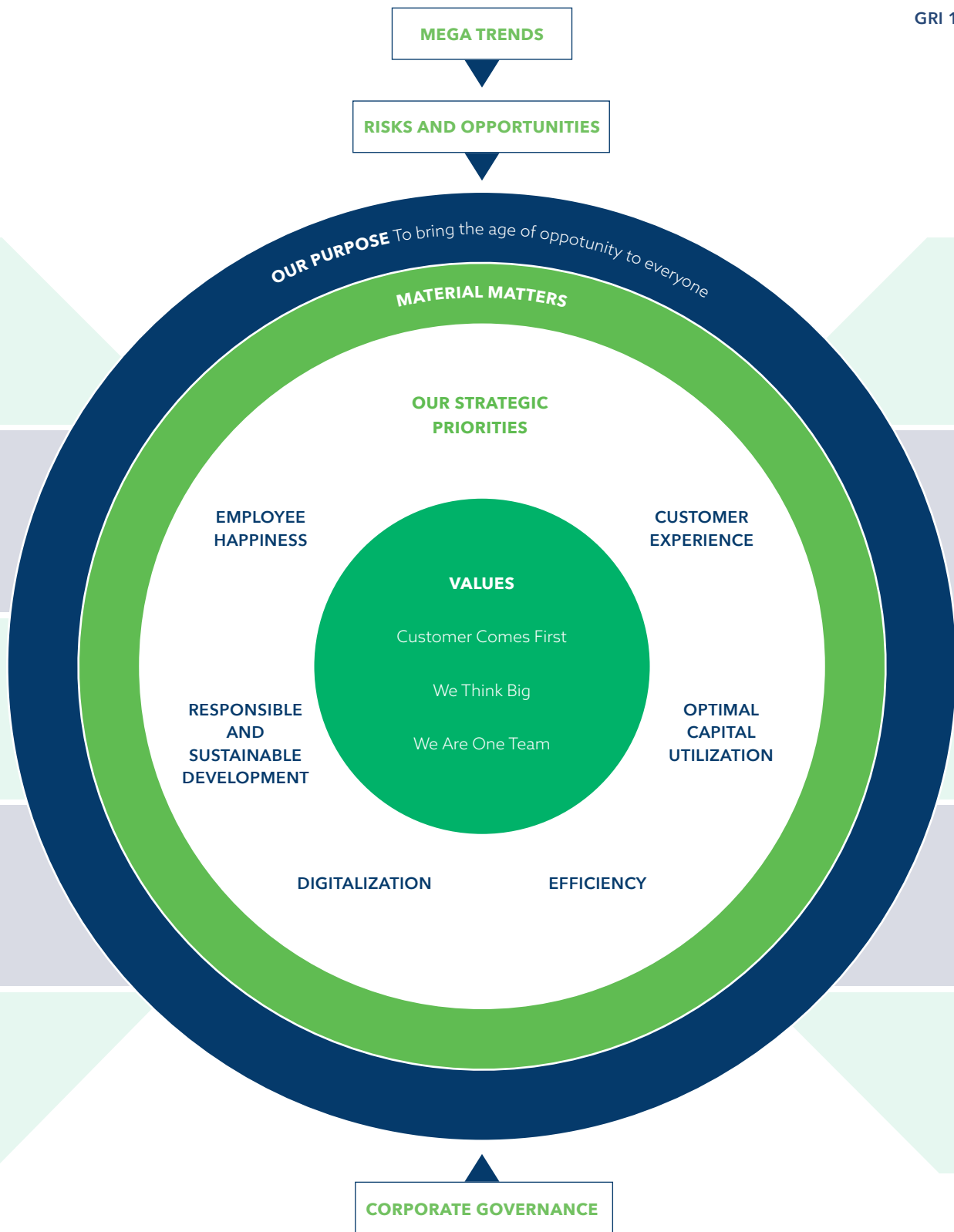
We invest in our employees by focusing on their development, satisfaction and well-being through an average of 43 hours of training per FTE and 11 well-being programs. We strive to form teams possessing team spirit, acting with shared wisdom, social responsibility and delivering results. We embrace a fair and transparent management policy based on performance, focused on equal opportunities and diversity.

## RELATIONSHIP CAPITAL

We strive to offer our 17.6 million customers an excellent customer experience by placing them at the center of all our activities and by designing our processes from their perspective. We aim to be transparent, clear and responsible towards our customers and establish long-lived relationships built on trust. We help our customers in making informed decisions supporting financial literacy, health and inclusion through solutions we offer.

## NATURAL & SOCIAL CAPITAL

We transform savings into sustainable investments by offering sustainability products & credit lines and TL 38.4 billion lending based on impact investment principles. We advise our customers to grow their businesses in a sustainable manner in our daily communication and initiatives tailored to their needs. We strive to drive positive change through 44 engagement platforms and 27 memberships. We focus on community investment programs and invested TL 22.3 million delivering impactful outcomes on material issues.



**VALUE CREATED****FINANCIAL CAPITAL**

We contributed TL 322 billion (USD 54 billion) to the economy, through cash and non-cash lending and our operations produced a Return on Average Equity of 12.4% and a Return on Average Assets of 1.5% with a Capital Adequacy Ratio of 17.8% and CET-I of 15.4%. Garanti BBVA's market capitalization reached TL 46.8 billion (USD 7.9 billion) at the end of 2019. We contribute to the economy and the society by paying dividends to our shareholders, salaries to our employees, invoices to our suppliers and tax revenues to governments. We make a significant contribution to public finances not only through our own tax payments, but also, through third party tax collection due to our economic activity. The total tax contribution of Garanti BBVA to public finances is disclosed voluntarily on Garanti BBVA Investor Relations website.

**DIGITAL & INTELLECTUAL CAPITAL**

Our investment in digital channels resulted in share of digital sales to total sales increase to 46% with no data breach regarding customer privacy. As a pioneer in digitalization, we empower our customers with state-of-the-art digital solutions and set an example for our peers in keeping up with the latest technological advancements.

**HUMAN CAPITAL**

We created employment for 18,784 people and our efforts in promoting equal opportunities and enabling professional development contribute to our high employee engagement score and low turnover. With a women ratio of 40% in management levels and a variety of initiatives promoting women's advancement in their career, Garanti BBVA is the only company in Turkey qualified for the Bloomberg Gender Equality Index.

**RELATIONSHIP CAPITAL**

Our relationship with our customers is built on trust by exceeding their expectations and enhancing their satisfaction. Our leadership position among our private peers in Net Promoter Score is a result of our customer experience focus that is at the core of our business model. Our efforts in supporting financial literacy, health and inclusion resulted in touching lives of 943,541 customers that started using savings products.

**NATURAL & SOCIAL CAPITAL**

Our impact investment principles and participation in financing renewable energy projects led to avoided GHG emissions of 5.9 million tonnes of CO<sub>2</sub>e based on total operational installed capacity, while the Scope 3 footprint of our energy production portfolio is 0 in new PF commitments. Our engagement activities led to 13 policies/position papers that are issued to contribute SDGs and we invested TL 22.3 million in community investment programs addressing 3 different challenges. As a result of these efforts, Garanti BBVA has qualified in nine leading sustainability indices.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

