

Letter from the Chairman

 610  2 min  1  economy

Dear Stakeholders,

2021 has been a year in which we saw partial normalization steps being taken as vaccination gained momentum all around the world, however uncertainties persisted due to the emerging new variants. Despite the ongoing pandemic impacts and the supply chain crisis, global markets recovered quickly in 2021, after enduring a recession with an unmatched and unseen magnitude in a long time. The IMF estimates the global economy to grow by 5.9% in 2021, following the 3.2% contraction in 2020.



The improvement in growth rates of global economies in 2021 brought along inflationist pressures. While the US announced the highest inflation figures of the past 30 years, inflationist pressures also increased in Europe. Inflation pressure also stemmed from the food supply that fell short of the demand because of the climate crisis, which ultimately led to food inflation. Not only the difficulties we are experiencing in the economy but also the noticeable increase in the number of natural disasters happening around the world once again remind us the significance of the steps we must take against global climate change.

In 2021, our country entered a normalization period, particularly starting from June onwards, with the accelerating pace of vaccination. With the start of normalization, increase in domestic demand and recovery in global demand drove economic growth to a considerably high level. Turkish economic growth is expected to reach %11 this year. Exports in 2021 increased by 33% year-on-year and significantly contributed to the growth. On the other hand, strong domestic demand and the depreciation in the Turkish lira, pressured inflation. Despite the currency shocks throughout the year, the Turkish banking sector maintained its solid asset quality, comfortable liquidity levels and profitability, proving its resilience

once again. Through this period, we, as Garanti BBVA, continued to serve our economy and society.

COVID-19 outbreak brought changes in our customer's habits and we were able to meet their needs thanks to the continuous investments we have made in digitalization for more than 20 years. We have provided uninterrupted and constantly improving service to all of our customers in 2021, on the back of our digital channels and our branch network with 100% geographical coverage.

As I have underlined before, sustainability is possibly one of the most important phenomena of our age. In 2021, we began experiencing the negative consequences of the climate crisis in our daily lives and in the economy. Sustainable finance and the combat against climate crisis are far beyond a strategic priority for us; they are also a performance criteria for all our employees. In this regard, in 2021, we continued to contribute to BBVA's 2025 pledge of channeling EUR 200 billion sustainable financing. As a bank, we will continue to work with determination to help our customers transition to a more sustainable future by offering green alternatives in almost all of the products we offer.

In November 2021, our principal shareholder BBVA made a voluntary takeover bid to acquire Garanti BBVA's publicly held 50.15% stake. The process is expected to be completed in the first quarter of 2022 after the necessary regulatory approvals have been obtained. BBVA's takeover offer shows its trust and belief towards our country and our Bank. We will continue to undertake projects that add value to society and the economy with this partnership that is getting stronger day by day.

As always, we will be standing by our customers regardless of the circumstances, contributing to our society and the economy, while creating value for all our stakeholders in 2022, on the back of our proactive balance sheet management and our competent human resource.

I thank you all, my colleagues, our valuable customers, shareholders, and all other stakeholders...

Sincerely,

Süleyman Sözen