LETTER FROM THE CHAIRMAN

Dear Stakeholders,

2019 has been a year of increased geopolitical risks and relatively muted global economic growth. The trade tension between the US and China, the Brexit process, geopolitical issues in the Middle East and the political uncertainties in Italy have led to decreased risk appetite among the investors. Amid this environment, global central banks maintained their dovish stances in an effort to support economic growth.

With respect to Turkey, 2019 was characterized with improving macro parameters and rebalancing in the economy. While the first half of the year was dominated by a high interest rate environment, by year-end, the interest rates were at half the level seen in the beginning of the year on the back of decreased inflation. We have seen a “V” shaped recovery in our economy particularly in the last quarter of the year. The sequence of contractions in GDP was replaced by a visible growth in the last quarter. Today, 2019 growth will end up to be positive contrary to the market expectations in the beginning of the year, and in 2020, growth is projected to gain significant momentum.

As Garanti BBVA, our capital generative business model, once again, enabled us to outperform the sector in many areas. We continue to be the leading bank in the sector in terms of capital, asset quality and profitability. Regardless of cyclical macro developments, we effectively utilize our capital in line with our sustainable growth strategy, maximize the value we create, and remain adhered to solid asset quality.

In today’s world, financial performance though is not the sole indicator of a company’s value. The environment we operate in evolves constantly; amid this transformation, a company’s capability to measure and improve its impact on Environmental, Social and Governance (ESG) issues reflects on its value. From where we are standing today, social and environmental risks are at a level that cannot be ignored. In this context, as Garanti BBVA, we are contributing to building a more sustainable and inclusive economy to fight against climate change and we are leading the sector in this respect. Since 2015, we have been providing significant financing to renewable energy projects and mainly to wind power plants within the scope of project finance. Considering the growing base of ESG investors, we have been
presenting our Integrated Annual Report prepared according to the IIRC standards for the last three years to all our stakeholders, which we believe will better respond to that community’s needs. We are working to integrate our sustainability efforts in every aspect from our corporate culture to our entire infrastructure. As we continue to implement our advanced corporate governance model that consolidates our core values, we are led by the principles of trust, accuracy, accountability and transparency in our interactions with all our stakeholders.

The synergy we created with our main shareholder BBVA continues to grow even stronger. BBVA Group that we belong launched a single global brand in all the countries it operates with its new renewed logo to suit the dynamic and digital world, in line with its digital transformation strategy. Being a part of this transformation project, we reflected the synergy we have created with our main shareholder BBVA for more than nine years to our brand and logo in 2019.

With our solid capitalization, high asset quality and proactive balance sheet management, we are ready to provide uninterrupted support to our economy also in 2020. Sustainable development, our most valuable asset - employee satisfaction, and efficiently meeting our customers’ changing needs will continue to be our priorities. We will continue to undertake new achievements and become a pioneer in the industry, while preserving our committed efforts and strong performance in the years ahead. I would like to take this opportunity to thank once again my colleagues, our valuable customers, shareholders and all other partners.

SÜLEYMAN SÖZEN
CHAIRMAN