

Letter from the Chairman

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Dear Stakeholders,

2020 has been a year that started off with positive expectations regarding the national economy and especially the banking sector, however, with the impact of ongoing pandemic, it turned out to be one we have never experienced before in both social and economic terms. Global markets witnessed the greatest recession since the end of WWII. The effects of this turbulent year were exacerbated even more not just because of the pandemic, but also with the US presidential elections and the ongoing implications of trade wars. Although there were positive developments regarding the much-anticipated vaccine against the coronavirus in the last quarter of the year, the debates about the topic still continue.

In this process, as Garanti BBVA, we have prioritized the health and safety of our society, employees and customers over everything else. The remote working model that we quickly introduced in response to the conditions imposed by the pandemic, the financial support we have provided to our customers, and the financial success we achieved in this challenging environment, once again validated Garanti BBVA as the technology-focused, reliable and solid bank that it is. Notwithstanding the negative impact of the pandemic, lead indicators suggest that Turkey will record an above 1% growth in 2020. Even though this figure is well below Turkey's potential growth, we have been one of the few countries in the world to register a positive growth. The dynamic and young population's resilience against shocks keeps the Turkish economy alive under any circumstance.

Domestic demand driven growth resulted in higher-than-expected rise in interest rates. While reformulated economic policies in the last quarter proved to be effective, they were accompanied by market-friendly normalization steps.

The solid balance sheet and capital structure of the Turkish banking sector enabled our banks to fulfill the liquidity need of all stakeholders in the economy, primarily of the real sector in a short period of time and thus played a major part in the much faster recovery of our national economy as compared to other countries. In this period dominated by uncertainty, as Garanti BBVA, we have successfully fulfilled our responsibility as the bank providing the biggest support to the economy among private banks. Thanks to our sustainable growth strategy and business model, we preserved our leading position in the sector in terms of capital, asset quality and profitability.

A major implication of the pandemic has been the transformation of the customer behaviour alongside the increased awareness of digital banking. During this period, given the inevitable surge in digital banking, we have reaped the benefits of our 25 years long investments in digital channels.

Sustainability has gone beyond being a choice and become a necessity. The COVID-19 crisis is regarded as the first "sustainability" crisis of the 21st century and a wake-up call for decision makers to prioritize concrete steps regarding climate change. As Garanti BBVA, we have carried on with our environmental, social and governance investments. Our contribution to sustainable development has reached TL 51 billion as of end of 2020. We are not just managing our Bank's environmental impact; we are contributing to a sustainable world by offering sustainable and green products to our customers.

As we leave behind a year filled with uncertainties, we expect 2021 to be a recovery year for our country and the World. With the sustainable development principle, one of our fundamental strategies, as Garanti BBVA, we will continue to respond to evolving needs in the fastest and most effective manner, while preserving our strong capital on the back of our customer and employee satisfaction focused business model.

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



SÜLEYMAN SÖZEN
CHAIRMAN