

Letter from the Chairman



DEAR STAKEHOLDERS,

2022 was a year in which global inflation remained high while financial volatilities and recession concerns increased. Geopolitical risks that aggravated with Russia's invasion of Ukraine and post-COVID normalization policies brought along deceleration in the world economy. To fight inflation, central banks started to quickly tighten their monetary policies. Türkiye, on the other hand, implemented a loose monetary policy to support employment and growth, and decreased the policy rate to 9% through a series

of rate cuts implemented by the Central Bank of the Republic of Türkiye (CBRT) during the year. Our economic growth in 2022 remained strong owing to expansionary monetary policies, above-projected tourism revenues and credit growth.

The banking sector, which spent the year within the framework drawn by macro prudential policies, once again proved its resilience by maintaining its high liquidity and solid capital structure. With the guidance of regulatory authorities, banks have acted as the main actor in the implementation of the CBRT's liraization goal. At the end of 2022, the sector registered 150% growth in TL deposits while FC deposits shrank by 15% shrinkage (in USD terms). On the other hand, loan growth was above average inflation without compromising asset quality. As the banking sector, we play a key role in the economy.

As Garanti BBVA, we are pleased to report the continued improvement in our operating results this year, despite the challenging and uncertain economic

conditions that have been continuing for a while. Garanti BBVA management continued to create value for all its stakeholders with its rapid adaptation, solid capital, and resilience resulting from agile management during the year. With the focus of a long-term and sustainable growth strategy, we continue to support the economy uninterrupted, thanks to our healthy liquidity and profitability ratios.

Advancements not only in the economy but also in technology compel us to be agile. Artificial intelligence, robotic systems, fintechs and open banking implementations initiated in 2022 widens the playground of the banking sector. The outcomes of our investments in Robotic Process Automation, machine learning, data-driven decision-making culture are visible in increased efficiency of our processes and improved customer experience. More importantly, we would not have been so strong in competing with the fintechs that affect many European and Asian countries today, had our investments in technology since the early 1990s not been continuous and targeted.

We consider economic development not just as credit expansion, but also with a focus on sustainable transformation. These financial systems cannot be sustained without a world to live in and without a society that has equal rights. Therefore, each and every one of us must be a part of the solution. At Garanti BBVA, we are guided in our activities by our sustainability policies embedded in our organization, as well as numerous different products that deal with sustainability, from gender equality to energy efficiency, increasing financial literacy to circular economy. Our majority shareholder, BBVA, increased its sustainable financing target of EUR 100 billion, announced in 2018, to EUR 300 billion in October 2022. As Garanti BBVA, we have contributed more than TL 40 billion to this target since 2018, and we are planning to bring this figure above TL 150 billion by 2025.

In May, our majority shareholder BBVA's voluntary takeover bid offer was completed, bringing its stake in Garanti BBVA to 85.97%. The increased stake of BBVA in our Bank attests to

its confidence and faith in our country and in our Bank. In this context, we will continue to undertake projects that add value to the society and the economy through our constantly growing and strengthening partnership.

At Garanti BBVA, we attach importance to not just the impact we create in the economy, but also the value we add to the environment, social life and technology and we act with this awareness. I would like to thank all of my colleagues who have devoted their hard work and commitment during this process, and all our stakeholders and customers, who have joined us in this journey, for their continued support and trust.

SÜLEYMAN SÖZEN
Chairman