

28/04/2025

Spreads improved; fees supportive

Core revenues expand; fees keep growing

Akbank posted 1Q25 net income of TL13,727mn (+49% q/q, +4% y/y), above both market consensus (TL12,927mn) and our estimate (TL12,795mn). Core revenues expanded by 9% q/q on widened core spread (+1ppt q/q) and strong fee growth. Lower funding costs (repo and TL deposits) helped core revenues to grow in 1Q. Fees remained strong manifested by 10% q/q and 64% y/y growth thanks to growing loans and payment system contribution. Swap costs rose to TL5bn in 1Q25 from TL4.2bn in 4Q. Despite widened spreads, swap-adjusted NIM contracted by 9bp q/q due to lower CPI-linker income on y/y lower CPI expectation (Oct24 48.6% vs Oct25E 30%). Opex expanded by 10% q/q and 34% y/y driven by HR-related expenses. Net total CoR inched down slightly to 234bp this quarter from 243bp in 4Q on some new NPL inflows despite higher collections. NPL coverage remained q/q flat at 59%. NPL ratio climbed by 59bp q/q to 3.5% in 1Q. All in all, ROE rose to 22.7% in 1Q from 16.7% in 4Q, while down from 25% a year ago.

Akbank keeps its 25E ROE guidance of more than 30% unchanged; yet sees downside risk on its NIM guidance of 5% (+3ppt y/y). We expect 52% earnings growth for Akbank in 2025 after 36% contraction in 2024 with a 25E ROE of 24% (previous 26%).

25E earnings revised; Marketperform rating maintained

Akbank trades at 25E P/BV of 0.9x and 4.2x P/E, while 25E ROE stands at 24% on our estimates. We revised our 25E earnings downwards by 10% mainly on lower NIM expectation. We now expect 1.3ppt higher NIM for Akbank in 2025 (vs previous 2.8ppt). We also raised our risk-free rate assumption by 3ppt to 24%. Reflecting all, we cut our TP for AKBNK to TL70.05 from TL85.09, implying 36% upside potential. We maintain our "Marketperform" recommendation for the stock.

AKBNK TI / AKBNK.IS

Current Rating	Marketperform		
Expected Market Reaction	Neutral		
Analyst Action	Price Revision		
Price	TL51.50	Mcap (mnTL)	267,800
Target Price	TL70.05	Mcap (mn\$)	6,974
Upside	36%	Prev. Target Price	TL85.09
High /Low 30Day	76.2 / 48.1	Free Float	54%

BB 2025FY Consensus

Estimate Revisions	1W	4W	3M
EPS	0.0%	-2.4%	-4.2%
# of Buy/Hold/Sell	15/9/0	16/7/0	14/8/0
Rel Perf. XU030	0.1%	-8.9%	-20.4%
ADV (USDmn)	182.9	208.6	186.9

OYAK vs BB consensus

(25E TLmn)	OYAK	Cons.	% Diff
NI	64,303	80,813	-20%

Multiples & Ratios

(OYAK Est)	2023	2024	2025E
P/E	4.03x	6.32x	4.16x
P/B	1.27x	1.11x	0.91x
RoE	36.4%	18.8%	24.1%
(TLmn)	2023	2024	2025E
Net income	66,479	42,366	64,303
Equity	211,195	240,348	293,501

Income Statement

TLm	1Q24	4Q24	1Q25	q/q (%)	y/y (%)
I. Net Interest Income	18,729	16,473	17,875	8.5	(4.6)
II. Net Fee Income	13,858	20,642	22,666	9.8	63.6
III. Net Trading Gain/Loss	-307	1,224	5,981	388.8	n.a.
IV. Other Income	4,141	1,275	2,686	110.6	(35.1)
V. OPEX	18,335	22,315	24,543	10.0	33.9
VI. Pre-provisioning Income	18,087	17,298	24,665	42.6	36.4
VII. Provisions	4,273	8,390	9,642	14.9	125.7
VIII. Income from Participations	2,141	2,654	2,449	(7.7)	14.4
IX. Pre-Tax Income	15,955	11,563	17,472	51.1	9.5
X. Net Profit	13,184	9,227	13,727	48.8	4.1

Analyst: Övünç Gürsoy, PhD, CFA

Disclaimer

The information, comments and advices included herein do not constitute an offer or a solicitation of an offer to buy or sell any securities. The matters covered on this report may include forward-looking statements that involve risk and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. OYAK Yatırım Menkul Değerler A.Ş. ("OYAK Securities"), does not undertake to advise you of changes in the information or opinions set forth herein or provide you with access to any additional information or to correct any inaccuracies therein which may become apparent subsequent to the date hereof or to publicly update any information or any forward looking statement, whether as a result of new information, future events or otherwise. Content and information provided by third parties is published as supplied to OYAK Securities and OYAK Securities has not independently verified any of such information.

The investment information, comments and advices given herein are not part of investment advisory activity. Investment advisory services are provided by authorized institutions to persons and entities privately by considering their risk and return preferences. Whereas the comments and advices included herein are of general nature. Therefore, they may not be appropriate for your financial situation and risk and return preferences. For this reason, making an investment decision solely by relying on the information given herein may not give rise to results within your expectations. Investors should not make their investment decisions on the basis of this report and construe the contents of this report as legal, tax, financial or investment advice.

OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives, do not make any representations or warranties, express or implied, for the accuracy, timeliness, completeness or fairness of any such information or any estimates, conclusions or opinions based thereon, and does not accept any liability or responsibility whatsoever for the contents of the report or for any errors, omissions or mis-statements or for any adverse consequences of the investment decisions made as a result of reliance upon this report.

OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives may hold positions and execute transactions in securities of entities mentioned in the document. In addition, OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives might have, might be seeking or will seek investment banking or other business relationships with the companies in this report.

Copyright in this report is owned by OYAK Securities except where otherwise indicated by a third party's proprietary notice and may not be reproduced or appropriated in any manner without written permission of OYAK Securities or their respective owners.

Valuation Approach

Valuation tools employed most frequently are Discounted Cash Flow (DCF) and International Peer Group Comparison, though other metrics such as Dividend Discount, Gordon Growth, and Replacement Value Methods are also used wherever appropriate. Oyak Securities analysts may calculate the target return of each stock considering only one method or assigning different weights to more than one method depending on the analyst's opinion. The "Expected Market Return" (EMR) of the BIST-100 is determined through aggregate target returns of each stock under coverage based on their respective free float market capitalization.

Rating Methodology

Oyak Securities assigns recommendations to each stock according to the following criteria:

Price target for a stock represents the value analyst expects the stock to reach during our performance horizon, which is 12 months. For stocks with an OUTPERFORM recommendation, target return must exceed the EMR by at least 40% over the next 12 months. For a stock to be classified as UNDERPERFORM, the stock must be expected to underperform the EMR more than 25% over the next 12 months. Stocks that an analyst expects to perform parallel to the EMR within a band of +40%/-25% are rated as MARKETPERFORM. Oyak Securities analysts review their recommendations under continuous screening. Nevertheless, at times, target return of a stock may be allowed to move outside our rating intervals as a result of share price fluctuations. Under such circumstances, the analyst may choose not to change his/her recommendation.