

30/01/2025

Supported by core revenue growth

Core revenues expand; NPL coverage up

Garanti posted 4Q24 net income of TL25,241mn (+14% q/q, -15% y/y), in line with both market consensus (TL24,668mn) and our estimate (TL25,241mn). Core revenues (NII + fees) widened by 16% q/q on higher core spread and CPI linker support linked to upward CPI adjustment. Lower funding costs (mainly repo and TL deposits) helped core revenues to grow. Core spread grew by 32bp q/q driven by retreated TL deposit costs. Swap costs declined to TL4.7bn in 4Q from TL6bn in 3Q on less swap utilization. Fees remained strong manifested by 12% q/q and 75% y/y expansion thanks to growing loans, new client acquisition and payment system contribution. Opex expanded by 22% q/q and 101% y/y driven by HR-related expenses. Net total CoR declined to 50bp this quarter from 209bp in 3Q on hefty collections. NPL coverage rose by 3.8ppt q/q to 67%. NPL ratio remained flat q/q at 2.2% in 4Q. All in all, ROE inched up to 31.9% in 4Q from 30.4% in 3Q and 51.9% a year ago. Garanti expects 25E ROE of low-30s backed by higher NIM. We expect 21% earnings growth for Garanti in 2025 with a ROE of 32%.

TL spread widens; NIM up

TL spread went up by 1ppt q/q, while FX spread inched down by 1.4ppt q/q. Diminishing cost pressures, slight CPI adjustment and lower swap costs (-21% q/q), NIM went up by 91bp q/q.

Long-term ROE lifted; maintained Marketperform

Garanti trades at 25E P/BV of 1.5x and 5.1x P/E, while 25E ROE stands at 32%. We lift our target price for Garanti to 178.00TL from 171.40TL as we revised our long-term ROE assumption upwards by 2ppt to 42% after 24YE results. We maintain our Marketperform rating for the stock.

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Current Rating		Marketperform	
Expected Market Reaction	➔	Neutral	
Analyst Action	⬆️	Price Revision	
Price	TL134.80	Mcap (mnTL)	566,160
Target Price	TL178.00	Mcap (mn\$)	15,819
Upside	32%	Prev. Target Price	TL171.40
High /Low 30Day	7.8 / 122.6	Free Float	14%

BB 2025FY Consensus

Estimate Revisions	1W	4W	3M
EPS	-1.5%	67.3%	41.1%
# of Buy/Hold/Sell	14/7/0	15/6/0	14/7/0
Rel Perf. XU030	3.1%	3.1%	7.2%
ADV (USDmn)	102.2	85.3	79.9

OYAK vs BB consensus

(25E TLmn)	OYAK	Cons.	% Diff
NI	111,725	140,875	-21%

Multiples & Ratios

(OYAK Est)	2023	2024	2025E
P/E	6.48x	6.14x	5.07x
P/B	2.31x	1.72x	1.53x
RoE	43.9%	32.1%	31.9%
(TLmn)	2023	2024	2025E
Net income	87,332	92,175	111,725
Equity	244,797	329,926	371,229

GARAN - Summary Income Statement

TLmn	4Q24	3Q24	ΔQoQ	4Q23	ΔYoY
Net Interest Income	29,612	24,880	19%	23,888	24%
Net Fees and Commissions	28,497	25,393	12%	16,266	75%
Net Trading Income	1,452	3,703	-61%	3,502	-59%
Other Operating Income	20,477	8,772	133%	12,308	66%
OPEX	29,513	24,160	22%	14,655	101%
Provisions	16,979	10,370	64%	8,295	105%
Tax	8,304	6,125	36%	3,259	155%
Net Income	25,241	22,095	14%	29,754	-15%

Source: Company data, Oyak Securities Research

Analyst: Övünç Gürsoy, PhD, CFA

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Rating Methodology

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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.