

1Q25 Earnings Preview

14/04/2025

Banks 1Q25 Earnings Preview

Banks	BBG Code	1Q25E	4Q24	Q-Q	1Q24	Y-Y	Expected Release Date
Akbank	AKBNK TI	12,795	9,227	39%	13,184	-3%	25-Apr
Albaraka Turk	ALBRK TI	7,627	1,646	363%	614	1142%	8-May
Garanti Bank	GARAN TI	23,107	25,241	-8%	22,316	4%	28-Apr
Isbank	ISCTR TI	11,064	10,833	2%	14,048	-21%	6-May
Yapi Kredi Bank	YKBNK TI	9,377	6,611	42%	10,302	-9%	28-Apr
Coverage		63,969	53,559	19%	60,464	6%	

Source: Company data, Oyak Research Estimates

Insurance Companies 1Q25 Earnings Preview

Insurance Companies	BBG Code	1Q25E	4Q24	Q-Q	1Q24	Y-Y	Expected Release Date
Agesa	AGESA TI	983	854	15%	595	65%	30-Apr
Anadolu Hayat	ANHYT TI	1,004	1,235	-19%	962	4%	25-Apr
Anadolu Sigorta	ANSGR TI	1,797	2,999	-40%	2,867	-37%	25-Apr
Turkiye Sigorta	TURSG TI	3,973	3,080	29%	3,527	13%	21-Apr

Source: Company data, Oyak Research Estimates

Earnings quality should rise in 1Q

Banks' earnings season is to kick off with Akbank as of 25 April, followed by Garanti and Yapi Kredi. We expect earnings to increase by 19% q/q and 6% y/y for the banks in our coverage in 1Q25. Core revenues (NII + fees) should expand by 12% q/q on lower repo and deposit costs during 1Q. TL spread should widen by 2.1ppt mainly on sliding deposit costs, while swap-adjusted NIM is to expand by 44bp q/q. Swap costs are to rise a limited 4% q/q in 1Q. NIM expansion were higher than our expectation, though, if CPI-linker revenues would not decline q/q. Note that last year October CPI was 49%, while banks assume 28-30% October CPI for 2025. We foresee fees growing by 51% y/y (+7% q/q) on new loan originations and payment system contribution, while fees/opex ratio gradually set to normalize below 100% levels. Opex should be pressured by salary increases and high inflation, recording 43% y/y growth. Subsidiaries income and collections are to support other banking income mildly in 1Q. Net total CoR should show 1ppt q/q climb as we expect provisioning to rise through macro model updates, basically lower macro growth assumptions. In q/q and y/y terms, **Albaraka** should show better EPS performance among banks in our coverage. Based on the latest BRSA's banking sector data, we expect Albaraka to reverse all of its free provisions (TL7.3bn) in 1Q. Adjusted for free provisions, we foresee TL830mn net income for Albaraka, indicating %50 q/q drop, while 35% y/y expansion. As for large cap banks, **Yapi Kredi** and **Akbank** lead peers in terms of q/q EPS performance mainly on spread widening and superior fee performance.

Premium generation appear strong at insurance industry

In q/q terms, we expect the highest EPS growth from **Turkiye Sigorta** in 1Q on strong premium generation and high investment portfolio gains. **Agesa** is to post the second highest q/q profit expansion on robust life premium generation and solid pension AUM growth. In y/y terms, Agesa should stand out among peers, as well, with 65% potential earnings growth.

Analyst: Ovunc Gursoy, PhD, CFA

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