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GARAN 2Q25 Financial Results

- Garanti Bank posted a net profit of TL28.3bn in 2Q25, 21% above expectations (Consensus estimate: TL23.4bn, +12% qoq, +26% yoy). Thus, cumulative net income of 1H25 stood at TL53.6bn, implying 20% yoy rise. (1H25 ROE 30.7% vs. 2024: 32.6%). The Bank maintained its low-30's ROE guidance and indicated that large ticket provision releases and fee performance are set to ease NIM pressure, leading ROE to settle near the lower bound of the guided range.
- NIM contracted by 0.5pp qoq to 4.5%, driven by 1.0pp contraction in TL loan spreads and higher swap costs. The bank's 2024 NIM was 3.7% and the bank maintained its expectation of a 300bp improvement in this metric for 2025. However, it was noted that recent monetary policy decisions pose downside risks to this expectation and margin expansion has been delayed by two quarters due to CBRT's tight stance.
- Fee revenue growth remains strong at 60% yoy, driven by strong contribution from payment systems. Cost growth is 68% yoy, bringing the ratio of fee to opex to 98.3% (+1.7pp qoq) For the year-end, commission growth is expected to be above average CPI and the fee/opex ratio is expected to be around 80-85%.
- Net NPL flows increased to TL13.5bn (1Q25: TL13.0bn), while NPL ratio reached 3.0% (qoq: +0.4pp). 1H25 cost of risk increased by 57bps to 146bps compared to 2024 average of 89bps (2025 guidance: 200-250bps).

	Quarterly Part			Cumulative Part		Change		
Garanti Bankası Income Statement (mn TL)	2024/2Q	2025/1Q	2025/2Q	2024/6M	2025/6M	2025/2Q-2024/2Q	2025/2Q-2025/1Q	2025/6M-2024/6M
Net Interest Income	26,195	30,427	32,759	45,857	63,187	25%	8%	38%
Fee Income	21,502	29,709	34,482	40,235	64,191	60%	16%	60%
Trading Income	-3,326	5,100	1,215	1,549	6,315	n.m.	-76%	308%
Income from subsidiaries	4,971	5,767	7,381	9,478	13,147	48%	28%	39%
Other Income	11,650	14,615	11,399	23,980	26,014	-2%	-22%	8%
Total Revenues	60,993	85,618	87,235	121,099	172,853	43%	2%	43%
Opex	20,445	30,738	35,072	39,149	65,809	72%	14%	68%
Pre-Provision Income	40,548	54,880	52,164	81,950	107,044	29%	-5%	31%
Provision	11,956	22,637	17,250	26,913	39,887	44%	-24%	48%
Pre-Tax Income	28,592	32,243	34,914	55,037	67,157	22%	8%	22%
Taxes	6,069	6,959	6,588	10,198	13,547	9%	-5%	33%
Net Income	22,522	25,284	28,326	44,839	53,610	26%	12%	20%
Garanti Bankası Balance Sheet								
Gross Loan	1,309,101	1,705,622	1,895,685			45%	11%	
Securities	348,358	396,408	395,911			14%	0%	
Deposits	1,601,677	2,198,631	2,216,546			38%	1%	
Equities	279,319	339,527	377,604			35%	11%	
Total	2,313,106	3,035,025	3,246,038			40%	7%	

Source: Company Data, Garanti BBVA Securities

Recep DEMİR, CFA
+90 (212) 384 11 32
rdemir@garantibbva.com.tr

Sales Contact
+90 (212) 384 1155-58
icm@garantibbva.com.tr

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Garanti BBVA Securities

Nispetiye Mahallesi Barbaros Bul. Çiftçi Towers Kule 1,
34340 Beşiktaş / İstanbul
Phone: +90 (212) 384-1155
Fax: +90 (212) 352-4240