

31/07/2025

ROTE guidance maintained

Core revenues expand; NIM contracts

Yapi Kredi posted 2Q25 net income of TL11,330mn (-1% q/q, +60% y/y), above both market consensus (TL10,016mn), yet above our estimate (TL10,023mn). Swap-adjusted NII declined by a moderate 5% q/q on contracted core spread and high swap costs. Core spread shed 28bp q/q, while TL spread retreated 87bp on high funding costs. Swap costs rose to TL20.8bn in 2Q25 from TL14.8bn in 1Q. Reflecting these, swap-adjusted NIM inched down by 39bp q/q. We expect spreads and NIM to recover in 3Q on the back of lower funding costs through CBRT's rate cuts. Fees remained strong manifested by 18% q/q and 48% y/y growth thanks to growing loans, new client acquisition and payment system contribution. Opex expanded by 6% q/q and 52% y/y driven by HR-related expenses. Net total CoR inched down to 206bp this quarter from 229bp in 1Q on well-managed asset quality. NPL coverage declined by 6ppt q/q to 58% under the influence of TL2.5bn of NPL sales and decent collection performance. NPL ratio remained q/q flat at 3.4% in 2Q. All in all, ROE decreased to 21.2% in 2Q from 22.9% in 1Q, yet up from 15.6% a year ago.

Yapi Kredi maintains its 25E RoTE guidance of mid-twenties unchanged backed by 2-2.25ppt higher NIM (revised from 3ppt higher NIM) and ≥40% fee growth (revised from 25-30%). We expect 75% earnings growth for Yapi Kredi in 2025 after 57% contraction in 2024 with a 25E ROE of 23% and RoTE of 23.6%.

Downgraded to MP on limited upside

Yapi Kredi trades fully at 26E P/BV of 0.9x and P/E of 3.4x, while 26E ROE stands at 29%, on our estimates. Yapi Kredi has outperformed XBANK by 10% and XU100 by 27% since the beginning of 2Q, which is the best performance among peers. Although we like the stock, we cut our rating to "Marketperform" from "Outperform" on limited upside potential. We look for better entry points going forward.

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Current Rating	Marketperform (previous: Outperform)		
Expected Market Reaction	Slightly Positive		
Analyst Action	Rating Downgrade		
Price	TL33.56	Mcap (mnTL)	285,341
Target Price	TL35.72	Mcap (mn\$)	7,030
Upside	4%	Prev. Target Price	TL35.72
High /Low 30Day	34.9 / 26.4	Free Float	39%

BB 2025FY Consensus

Estimate Revisions	1W	4W	3M
EPS	0.0%	0.6%	3.8%
# of Buy/Hold/Sell	16/6/0	16/7/0	16/7/0
Rel Perf. XU030	-0.3%	1.9%	24.0%
ADV (USDmn)	143.9	165.8	161.8

OYAK vs BB consensus

(25E TLmn)	OYAK	Cons.	% Diff
NI	50,773	56,481	-10%

Multiples & Ratios

(OYAK Est)	2024	2025E	2026E
P/E	9.77x	5.58x	3.35x
P/B	1.47x	1.16x	0.86x
RoE	15.6%	23.2%	29.4%
(TLmn)	2024	2025E	2026E
Net income	29,017	50,773	84,510
Equity	192,804	245,027	329,631

Income Statement

TLm	2Q24	1Q25	2Q25	q/q (%)	y/y (%)
I. Net Interest Income	17,026	26,167	30,985	18.4	82.0
II. Net Fee Income	18,141	22,751	26,786	17.7	47.6
III. Net Trading Gain/Loss	-16,094	-6,938	-15,726	n.a.	n.a.
IV. Other Income	8,234	7,809	5,233	(33.0)	(36.4)
V. OPEX	17,535	25,080	26,556	5.9	51.5
VI. Pre-provisioning Income	9,772	24,709	20,722	(16.1)	112.0
VII. Provisions	5,562	14,797	12,260	(17.1)	120.4
VIII. Income from Participations	2,945	3,331	3,822	14.7	29.8
IX. Pre-Tax Income	7,154	13,243	12,284	(7.2)	71.7
X. Net Profit	7,103	11,418	11,330	(0.8)	59.5

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