

Daily View

Good morning. We are generally seeing a buying trend in international markets. On the other hand, Borsa Istanbul closed flat yesterday, but today we expect a rebound towards the 10,100 - 10,200 range. Today is the last trading day for January-term equity contracts traded on VIOP, so closing transactions in arbitrage positions may create some selling pressure. According to the data released by the Central Bank yesterday, foreign investors purchased nearly \$350 million worth of equities during the week of January 24. This figure marks the strongest equity inflow in the past nine months. Additionally, we have been following the financial results of three banks over the past two days: Garanti Bank, Akbank, and Yapı Kredi. Akbank and Garanti Bank reported results in line with expectations, while Yapı Kredi's net profit exceeded expectations by approximately 3%. We believe investor interest in banks will continue. Today's agenda includes the trade balance data domestically, while in the U.S., core personal consumption expenditures will be monitored. After markets close in the evening, Fitch is expected to release its credit rating review for Turkey. Currently, Turkey's credit rating stands at "BB-, stable," which is three notches below investment grade, and we do not expect any changes in the rating or outlook. However, there are opinions suggesting that the outlook could be revised from stable to positive, which, if realized, could provide a morale boost. Turkey's 5-year CDS premiums are starting the day at 257 basis points.

Macro and Politics

***Credit rating agency Fitch is expected to release Turkey's sovereign rating review today.** Any possible review announcement would likely come late at night Turkish time. It's important to note that these calendars are only reference points and do not guarantee that the agencies will conduct a review or make a new rating decision. Please recall that Fitch last raised Turkey's credit rating from "B+" to "BB-" on September 6, 2024, while revising the outlook from "positive" to "stable." In today's anticipated review, we do not expect any changes to either Turkey's credit rating or its outlook.

*** During the week of January 17 – 24, the equity and the bond market (excluding repo transactions) witnessed a foreign inflow of USD345.4mn and USD382.9mn, respectively.** Furthermore, the foreigners' share in the total bond stock climbed further to 8.7% from 8.5%, which stands for the highest level since February 2020. The residents' FX deposits increased by USD748mn (gold accounts excluded, EUR/USD parity adjusted) in the period of January 17 – 24, while the residents' total FX deposits (including gold, price adjusted) rose by USD586mn in the week of January 17 – 24. Moreover, the CBT's gross FX reserves climbed further by USD4.3bn to USD167.7bn, while the net international reserves rose by USD2.2bn to USD73.7bn. Net reserves excluding swaps also increased by USD3.6bn to USD62.9bn.

***TURKSTAT will release December foreign trade figures 10:00 local time.** According to the preliminary data of the Ministry of Trade, import and export figures for December materialized at USD32.3bn and USD23.5bn, respectively, resulting in a trade deficit of USD8.8bn, indicating an increase compared to the previous month's level of USD7.5bn. We expect the current balance to revert to a deficit in the last two months of the year, with the annual deficit increasing slightly. Along with the rise in the trade deficit, we expect the current balance to register a deficit around USD3.5bn in December, with the annual deficit to end 2024 around USD9bn (0.7% of GDP). Our year-end current account deficit expectation for 2025 is USD15bn (1% of GDP).

* **The Economic Confidence Index increased by 0.8% m/m in January, rising to 99.7 level and reaching the highest level since April.** Yet, the index level has remained below the critical threshold value of 100 since March. The Economic Confidence Index, which ranges between 0 and 200, reflects a pessimist outlook regarding the general economic outlook when it falls below the 100 threshold. Examining the monthly changes in the subcomponents of the January data: Consumer confidence index decreased by 0.4% to 81, real sector confidence index dropped by 0.1% to 102.6, services confidence index increased by 2.5% to 116.5, retail trade confidence index rose by 1.4% and became 114.5 and construction confidence index climbed by 2.6% and became 91.7 in January compared to the previous month.

Sector and Company News

- **AKBNK (Neutral)** reported Q4 2024 financial results with a net profit of TL9.2bn, in line with expectations. In Q4 2024, interest income grew by 12.6% quarterly to TL142.4bn, marking an 82% year-on-year increase. For the full year 2024, total interest income reached TL480bn, while interest expenses amounted to TL415bn. Net fee and commission income was recorded at TL69.2bn for 2024. Net operating profit increased by 10% quarterly to TL8.9bn in Q4 2024 but declined by 40% year-on-year. Net profit of TL9.2bn was 1% above expectations, rising by 2.2% quarterly but declining by 39% year-on-year. For the full year 2024, net profit fell by 36% year-on-year to TL42.4bn. Regarding margins and ratios, the net profit/interest income ratio declined to 8.82%, while the net interest income/loans ratio fell to 5.05% year-on-year. The deposit-to-funding ratio slightly decreased to 62.10%, while return on equity (ROE) dropped by 14.3% year-on-year to 15.7%. The company expects TL loan growth to exceed 30%, while FX loan growth is projected to be in the high-10% range. The net interest margin (swap-adjusted) is forecasted to be around 5%, while net fee and commission income is expected to grow by 40%. ROE is targeted to exceed 30%.
- **YKBNK (Slightly Positive)** reported Q4 2024 financial results with a net profit of TL6.6bn, 3% above expectations. In Q4 2024, interest income grew by 5.7% quarterly to TL130.5bn, marking a 69% year-on-year increase. For the full year 2024, total interest income reached TL453bn, while interest expenses amounted to TL377bn. Net fee and commission income was recorded at TL73.1bn for 2024. Net operating profit surged by 553% quarterly to TL4.7bn in Q4 2024 but declined by 73% year-on-year. Net profit of TL6.6bn exceeded expectations by 3%, increasing 32% quarterly but falling 66% year-on-year. For the full year 2024, net profit declined by 57% year-on-year to TL29bn. Regarding margins and ratios, the net profit/interest income ratio declined to 6.41%, while the net interest income/loans ratio stood at 6.10%. The deposit-to-funding ratio slightly decreased to 53.3% compared to the previous year. Return on equity (ROE) declined by 31.5% year-on-year to 13.8%. The company expects TL loan growth to remain below

inflation and FX loan growth to be around 10%. It forecasts a 300bps increase in net interest margin and a 25-30% rise in fee and commission income. Operating expenses are targeted to grow below 50%, while total loan costs are expected to be in the range of 150-175bps. ROE is projected to be in the mid-20% range.

- **ARCLK** announced that discussions on the long-term sustainable transformation plan for its Italian operations are ongoing. The company reaffirmed its commitment to positioning Italy as a strategic hub for industrial design and cooking appliances. In this context, the previously announced EUR110mn investment plan has been expanded in terms of scope and duration to EUR300mn, with one-third allocated to R&D activities. This investment will be utilized over the next five years for operational expenses and business continuity. It was also stated that discussions with the Ministry and trade unions regarding production continuity and local employment protection will continue.
- **BINBN** announced the termination of its operations in Uşak to optimize resource utilization and the transfer of scooters in the city to other locations.
- **CVKMD** The Capital Markets Board has approved CVK Maden İşletmeleri's application for a bonus capital increase.
- **GUBRF** repurchased 29K shares at a price range of TL256.00-268.75. As a result, the repurchased shares' proportion of the company's capital reached 0.0088%.
- **MIATK** announced that it has received an order worth USD629K from an international company under the scope of a smart city project, which involves integrating public transport vehicles into an AI-powered smart transportation system and includes all necessary software, hardware, installation, testing, and commissioning work.
- **TKFEN** announced that it repurchased 100K shares at an average price of TL64.10. As a result of this transaction, the ratio of shares owned to the company's share capital increased to 3.58%.

- **YATAS** announced that it aims to complete the Solar Power Plant installations on the rooftops of its factories in Ankara and Kayseri within six months, and that it has signed an agreement worth USD4.1mn with Free Yapı Enerji as part of the project.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	29,050	20.43	3.09%
KRVGD		KRVGD	Buyback	100,000	2.00	1.45%
TKFEN		TKFEN	Buyback	100,000	64.10	3.58%
ALKLC		ALKLC	Buyback	120,000	25.85	0.97%
GUBRF		GUBRF	Buyback	29,321	267.86	0.01%

Important Disclosures

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