

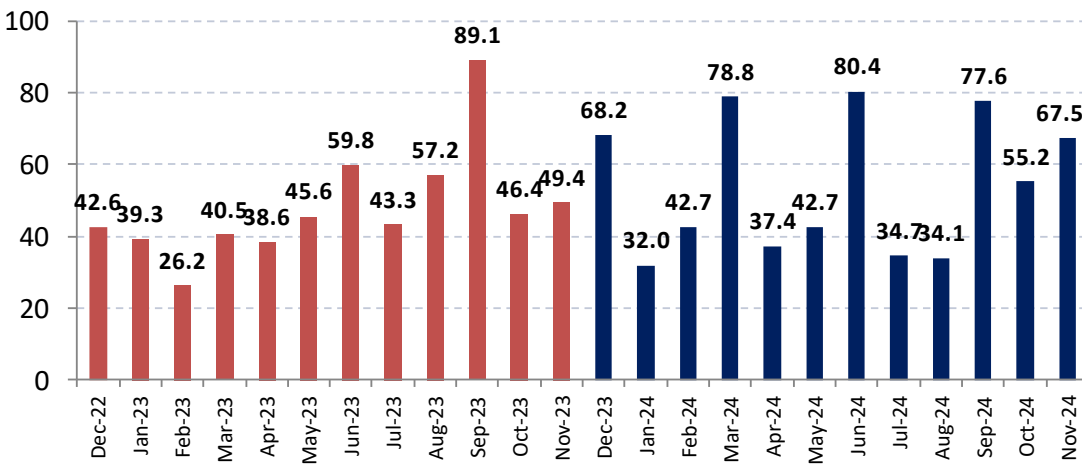
## Banks - Improvement in profitability

**According to BRSA November data**, the improvement in net interest margins in the banking sector in September and October continued in November. Despite the continued loan demand and the improvement in the loan/deposit ratio, we observe that the loan-deposit interest rate spread fell to the lowest levels of the year due to the decline in loan rates.

Looking at the figures, we see that the sector's net profit increased by 22% m-o-m (37% y-o-y) with 67.5 bnTL in November. Asset size of the sector grew by 38% y/y (31.2 bnTL), below the inflation rate, while loans, deposits and shareholders' equity grew by 37%, 29% and 40% y/y, respectively. On the revenue side, we see a 1% m-o-m (25% y-o-y) increase in net interest income at 99.7 bnTL. Although the sector's net interest income growth remains below inflation at 25% y-o-y, fee & commission income and dividend income continue to grow at high rates, up 60% and 78% y-o-y, respectively. In terms of return on equity, we calculate a partial decline in the annualized data for November at 30.4% compared to 30.8% last year, but there is a significant improvement compared to 24.5% in the previous month.

*In December, we anticipate that the margin improvement and operational efficiency gains in the sector will be effective in the final month of the year and, consequently, in the fourth quarter of 2024. This is due to the fact that banks are not engaged in a competitive race to expand their deposit portfolios. Consequently, banking stocks may continue to find support and maintain a positive divergence from BIST. We think that parameters such as the continued expectations of a rate cut from the MPC, the decline in CDS premiums, and the possibility of a rating upgrade from Moody's in January will continue to be supportive for the sector shares. As we shared in our [2025 Outlook Report](#), we expect YKBNK, ISCTR, TSKB and ALBRK to stand out across the sector, while we continue to keep **YKBNK and ISCTR** in our Model Portfolio.*

Banking Sector, Monthly Net Income (bn TL, last 24m)



Source: BRSA, Tacirler Research

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## Banking Sector, Summary of Figures

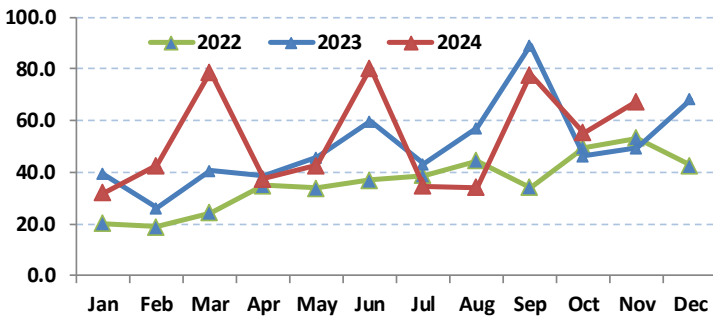
Below, you may see the monthly, annual and year-to-date cumulative performances for KPIs of the Banking Sector.

| Summary of BRSA figures (TRY bn)              | Monthly Data |              |              |              |              | Cumulative     |                |               |
|---|--------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|
|   | Nov-24       | Oct-24       | Nov-23       | MoM          | YoY          | Nov-24         | Nov-23         | Change(%)     |
| Assets  | 31,160       | 30,885       | 22,540       | 0.9%         | 38.2%        | 31,160         | 22,540         | 38.2%         |
| Loans   | 15,459       | 15,143       | 11,327       | 2.1%         | 36.5%        | 15,459         | 11,327         | 36.5%         |
| Non-Performing Loans                          | 286          | 275          | 176          | 4.1%         | 62.8%        | 286            | 176            | 62.8%         |
| NPL Ratio                                     | 1.85%        | 1.82%        | 1.55%        |              |              | 1.85%          | 1.55%          |               |
| Provision (-)                                 | 0            | 0            | 0            | -            | -            | 0              | 0              | -             |
| Deposits                                      | 18,175       | 18,106       | 14,131       | 0.4%         | 28.6%        | 18,175         | 14,131         | 28.6%         |
| Shareholders' Equity                          | 2,749        | 2,660        | 1,968        | 3.4%         | 39.7%        | 2,749          | 1,968          | 39.7%         |
| Paid In Capital                               | 374          | 372          | 271          | 0.6%         | 38.1%        | 374            | 271            | 38.1%         |
| <b>Interest Income</b>                        | <b>582.2</b> | <b>579.9</b> | <b>330.1</b> | <b>0.4%</b>  | <b>76.4%</b> | <b>5,307.8</b> | <b>2,246.2</b> | <b>136.3%</b> |
| Interest Income From Loans                    | 357.8        | 367.4        | 210.5        | -2.6%        | 70.0%        | 3,476.1        | 1,398.8        | 148.5%        |
| Interest Income From Securities               | 140.9        | 138.5        | 101.4        | 1.7%         | 38.9%        | 1,224.5        | 722.7          | 69.4%         |
| Interest Income From Other Activities         | 83.5         | 74.0         | 18.1         | 12.8%        | 360.4%       | 607.2          | 124.7          | 386.8%        |
| <b>Interest Expenses</b>                      | <b>482.5</b> | <b>481.0</b> | <b>250.3</b> | <b>0.3%</b>  | <b>92.8%</b> | <b>4,445.3</b> | <b>1,613.6</b> | <b>175.5%</b> |
| Interest Expenses For Deposits                | 369.2        | 374.7        | 207.8        | -1.5%        | 77.7%        | 3,520.2        | 1,302.1        | 170.4%        |
| Interest Expenses For Loans                   | 42.2         | 42.4         | 23.1         | -0.3%        | 83.0%        | 387.0          | 160.0          | 141.9%        |
| Interest Expenses For Money Market Operations | 55.0         | 49.8         | 8.2          | 10.4%        | 572.8%       | 381.6          | 60.2           | 534.3%        |
| Interest Expenses For Other Activities        | 16.1         | 14.1         | 11.3         | 14.0%        | 42.5%        | 156.4          | 91.4           | 71.2%         |
| <b>Net Interest Income (NII)</b>              | <b>99.7</b>  | <b>98.9</b>  | <b>79.8</b>  | <b>0.8%</b>  | <b>25.0%</b> | <b>862.6</b>   | <b>632.6</b>   | <b>36.3%</b>  |
| Net Interest Margin (NIM)                     | 5.46%        | 5.32%        | 6.13%        |              |              | 4.22%          | 4.31%          |               |
| Fees & Commission Income (Net)                | 59.4         | 58.2         | 37.1         | 2.0%         | 60.1%        | 577.2          | 274.0          | 110.6%        |
| Dividend Incomes                              | 4.0          | 1.5          | 2.2          | 162.3%       | 78.0%        | 37.3           | 27.6           | 35.1%         |
| Trading Income (Net)                          | 5.8          | -5.1         | -3.1         | -            | -            | -89.8          | 218.8          | -             |
| Capital Markets P/L                           | -6.0         | -6.3         | 0.0          | -4.9%        | 16088.3%     | -156.7         | 115.1          | -             |
| FX Operations P/L                             | 11.8         | 1.1          | -3.0         | 946.1%       | -            | 67.0           | 103.6          | -35.4%        |
| Other Operating Income                        | 18.2         | 18.8         | 15.9         | -3.2%        | 14.3%        | 335.9          | 228.3          | 47.2%         |
| <b>Total Income From Banking Operations</b>   | <b>187.0</b> | <b>172.2</b> | <b>131.9</b> | <b>8.6%</b>  | <b>41.8%</b> | <b>1,723.2</b> | <b>1,381.3</b> | <b>24.8%</b>  |
| Operating Expenses                            | 74.1         | 73.3         | 46.9         | 1.0%         | 58.0%        | 739.2          | 420.9          | 75.6%         |
| <b>Net Operating Income</b>                   | <b>113.0</b> | <b>98.9</b>  | <b>85.0</b>  | <b>14.2%</b> | <b>32.8%</b> | <b>984.0</b>   | <b>960.4</b>   | <b>2.5%</b>   |
| Provisions                                    | 27.3         | 25.7         | 22.0         | 6.1%         | 24.0%        | 298.5          | 242.4          | 23.1%         |
| Profit Before Tax                             | 85.6         | 73.2         | 62.9         | 17.1%        | 36.1%        | 685.5          | 673.9          | 1.7%          |
| Tax   | 18.2         | 17.9         | 13.5         | 1.2%         | 34.5%        | 102.3          | 138.4          | -26.1%        |
| <b>Net Income</b>                             | <b>67.5</b>  | <b>55.2</b>  | <b>49.4</b>  | <b>22.2%</b> | <b>36.5%</b> | <b>583.1</b>   | <b>535.5</b>   | <b>8.9%</b>   |
| Financial Leverage                            | 11.33        | 11.61        | 11.45        |              |              | 11.33          | 11.45          |               |
| Deposits / Liabilities                        | 58.3%        | 58.6%        | 62.7%        |              |              | 58.3%          | 62.7%          |               |
| Loans / Assets                                | 49.6%        | 49.0%        | 50.3%        |              |              | 49.6%          | 50.3%          |               |
| Loans / Deposits                              | 85.1%        | 83.6%        | 80.2%        |              |              | 85.1%          | 80.2%          |               |
| Loan Yields                                   | 28.45%       | 28.69%       | 22.95%       |              |              | 24.78%         | 13.67%         |               |
| Deposit Yields                                | -27.59%      | -27.32%      | -20.08%      |              |              | -23.50%        | -11.40%        |               |
| Spread (Loan Spread)                          | 0.85%        | 1.36%        | 2.87%        |              |              | 1.29%          | 2.27%          |               |
| FX Assets                                     | 16,052       | 16,218       | 12,917       | -1.0%        | 24.3%        | 16,052         | 12,917         | 24.3%         |
| FX Liabilities                                | 4,202        | 4,272        | 4,037        | -1.6%        | 4.1%         | 4,202          | 4,037          | 4.1%          |
| FX Net Position                               | 11,850       | 11,946       | 8,880        | -0.8%        | 33.4%        | 11,850         | 8,880          | 33.4%         |
| ROE   | 30.4%        | 24.5%        | 30.8%        |              |              | 23.5%          | 29.9%          |               |
| ROA   | 2.6%         | 2.1%         | 2.7%         |              |              | 2.1%           | 2.6%           |               |
| <b>EPS</b>                                    | <b>2.20</b>  | <b>1.80</b>  | <b>2.23</b>  |              |              | <b>1.71</b>    | <b>2.16</b>    |               |

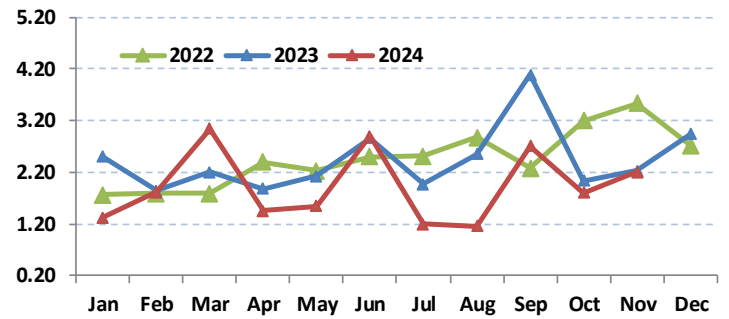
Kaynak: BRSA, Tacirler Investment Research

## Performance Indicators, last three years

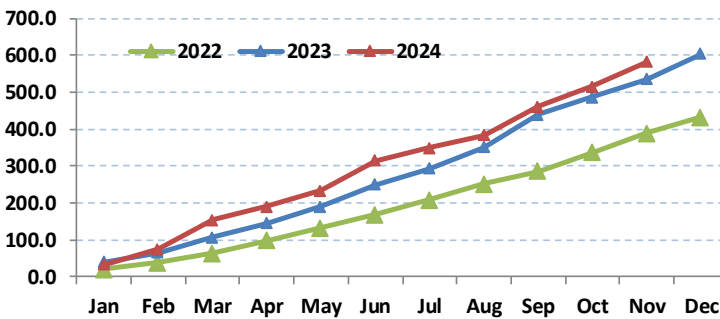
Monthly Net Incomes (bn TRY)



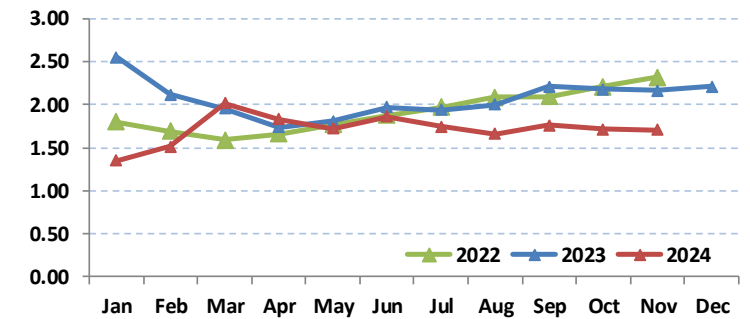
Monthly EPS



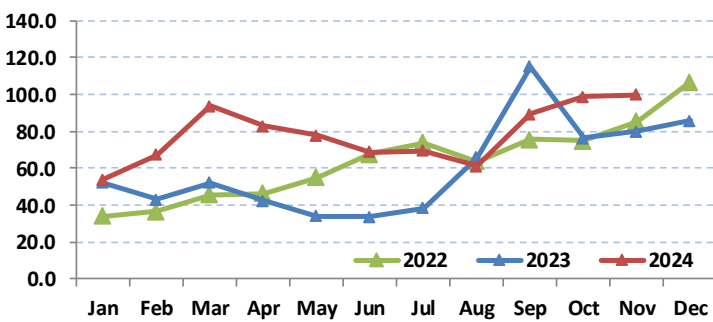
Cumulative Net Incomes (bn TRY)



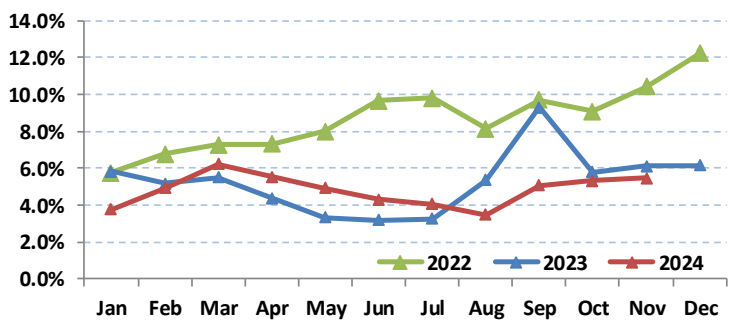
Cumulative EPS



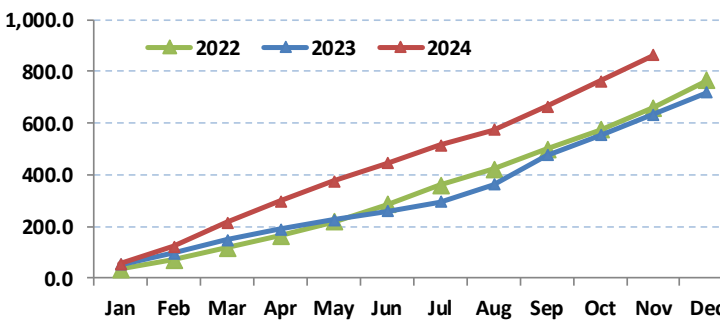
Monthly Net Interest Incomes (bn TRY)



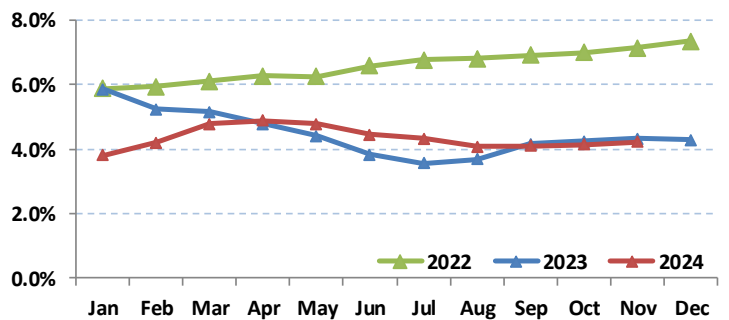
Monthly Net Interest Margins (%)



Cumulative Net Interest Incomes (bn TRY)

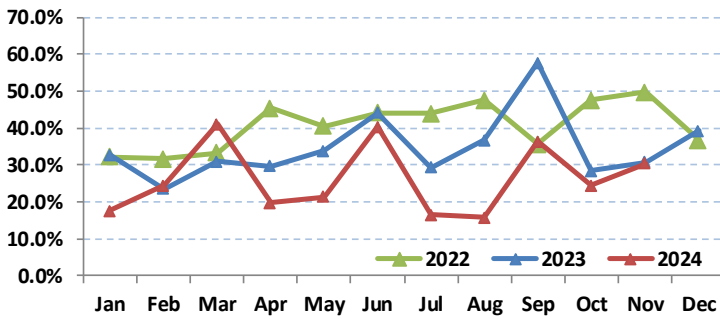


Cumulative Net Interest Margins (%)

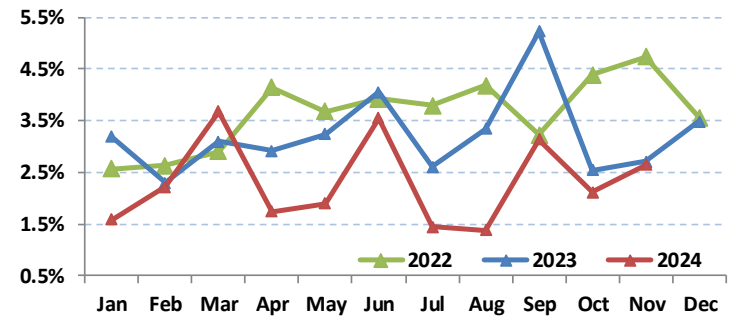


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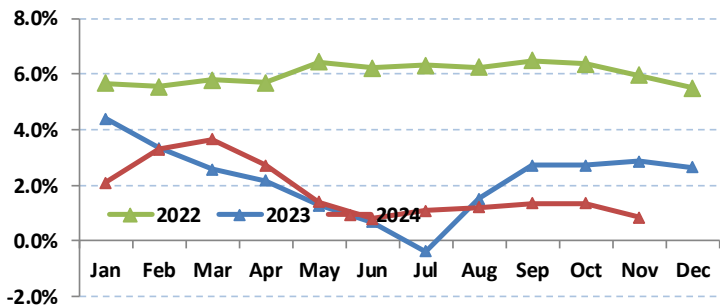
Monthly ROE



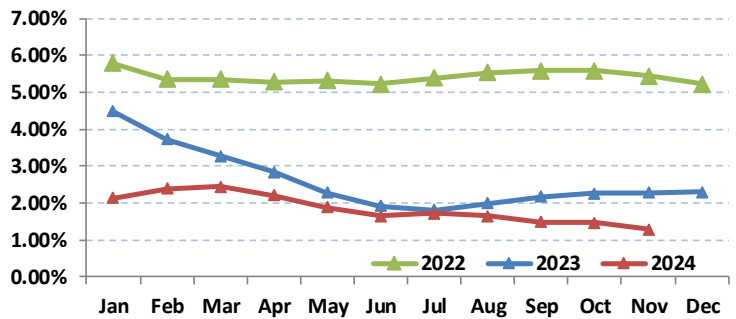
Monthly ROA



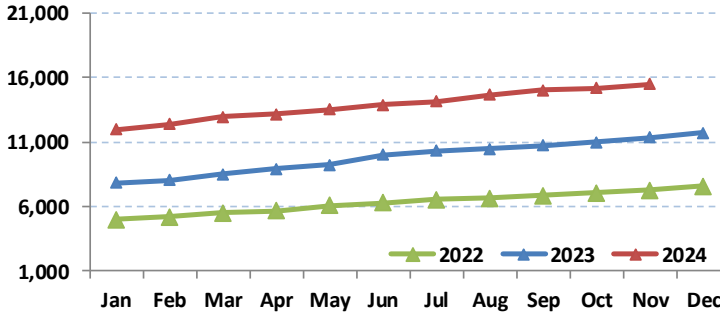
Monthly Loan Spread (%)



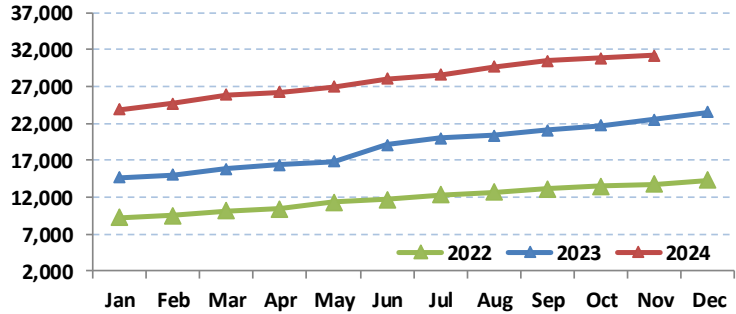
Cumulative Loan Spread (%)



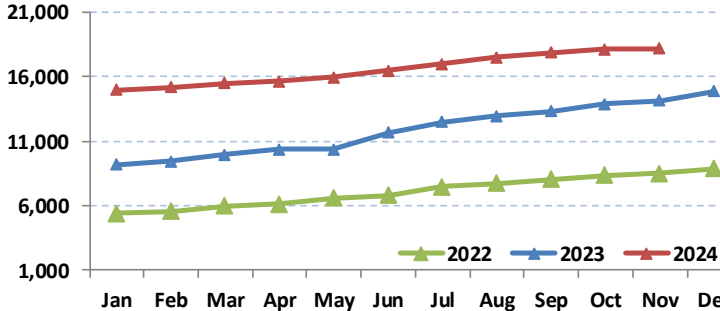
Loans (bn TL)



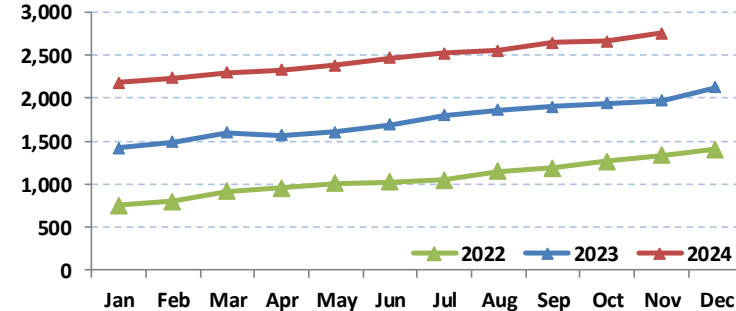
Actives (bn TL)



Deposits (bn TL)



Shareholder's Equity (bn TL)



## Important Disclosures

### Rating Methodology

Stock ratings are based on absolute return potential of the stock, which is defined as the percentage change in target price from the current share price. All recommendations and target prices are set with a 12-month horizon. Target prices are set by using one or more of the following methodologies: DCF, Net Asset Valuation, sum of the parts model and multiple comparison.

### Rating Definition

**Buy:** The stock is expected to generate a return of more than 30% in TL terms.

**Hold:** The stock is expected to generate a return of less than 30% in TL terms.

**Sell:** The stock is expected to generate a negative return within the forecast horizon.

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