

There are some surprises in BRSA December figures

BRSA December data points to a significant loss of momentum in banks' net interest income and a narrowing in net interest margins in the last month of the year. It is acceptable due to the increasing deposit interest rates in December, however, banks' losses in this area were covered by strong increases in fee & commission income, income from foreign exchange transactions and other operating income. Thus, the sector, which experienced a 6% and 7% annual profit contraction in October and November, respectively, achieved a surprising increase in annual profit growth of 60% in December.

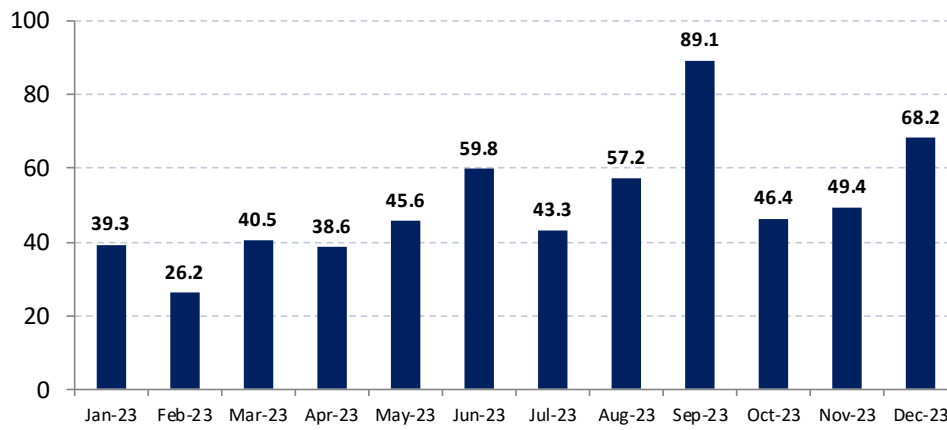
If we look at the figures, the net profit of the sector in December was 68.2 billion TL, increasing by 38% monthly and 60% annually. The total net profit of the sector in 2023 was 603.6 billion TL, and the year that started with the expectations of profit contraction was completed with an annual profit growth of 40% compared to 2022.

At the end of 2023, the sector's asset size grew by 64% annually with 23.5 billion TL, while growth continued around inflation. Similarly, there is an annual growth of 54%, 68% and 51% in loans, total deposits and equity, respectively. On the revenue side, we see a 20% annual contraction in net interest income with 85.6 billion TL. The sector's fee & commission income and foreign exchange income increased by 178% and 276% annually, respectively. As for return on equity, we calculate a significant improvement in annualized data for December, with 39.2% compared to 36.6% seen last year.

Regarding the relief in resource costs, positive rating expectations, decreasing risk premiums, expected improvement in inflation starting from the middle of the year, etc., we think that the profitability performance of the sector will continue its positive course and this will support the sector shares. In addition, we believe that foreign inflows, which we expect to intensify this year, will be more evident in liquid bank stocks.

Finally, we would like to point out that following the GARAN results announced yesterday, which exceeded expectations by 26% based on the net profit figure, we may see similar positive surprises in the AKBNK results expected on Thursday and YKBNK results expected on Friday this week.

Banking Sector, Monthly Net Income (bn TL, last 12m)



Source: BRSA

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Banking Sector, Summary of Figures

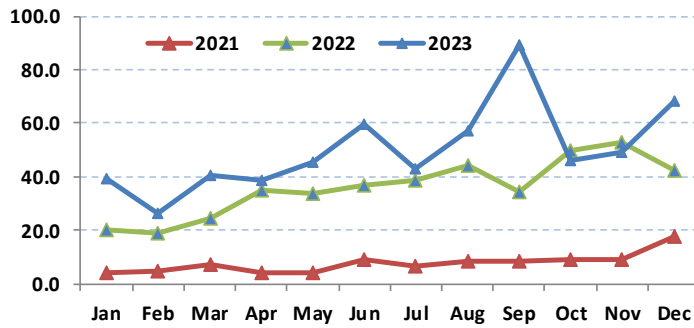
Below, you may see the monthly, annual and year-to-date cumulative performances for KPIs of the Banking Sector.

Summary of BRSA figures (TRY bn)	Monthly Data					Cumulative		
	Dec-23	Nov-23	Dec-22	MoM	YoY	Dec-23	Dec-22	Change(%)
Assets	23,519	22,540	14,347	4.3%	63.9%	23,519	14,347	63.9%
Loans	11,677	11,327	7,581	3.1%	54.0%	11,677	7,581	54.0%
Non-Performing Loans	192	176	163	9.1%	17.4%	192	163	17.4%
NPL Ratio	1.64%	1.55%	2.16%			1.64%	2.16%	
Provision (-)	0	0	0	-	-	0	0	-
Deposits	14,852	14,131	8,862	5.1%	67.6%	14,852	8,862	67.6%
Shareholders' Equity	2,122	1,968	1,406	7.8%	50.9%	2,122	1,406	50.9%
Paid In Capital	276	271	184	1.7%	49.4%	276	184	49.4%
Interest Income	377.0	330.1	178.8	14.2%	110.9%	2,623.3	1,403.2	86.9%
Interest Income From Loans	239.3	210.5	87.7	13.7%	172.8%	1,638.0	821.0	99.5%
Interest Income From Securities	114.0	101.4	86.6	12.4%	31.7%	836.7	540.8	54.7%
Interest Income From Other Activities	23.8	18.1	4.5	30.9%	424.9%	148.5	41.5	258.1%
Interest Expenses	291.4	250.3	72.2	16.4%	303.4%	1,905.0	638.9	198.2%
Interest Expenses For Deposits	243.2	207.8	53.9	17.1%	351.5%	1,545.3	442.1	249.5%
Interest Expenses For Loans	25.6	23.1	8.2	10.9%	213.2%	185.6	63.4	192.6%
Interest Expenses For Money Market Operations	9.9	8.2	3.3	20.7%	197.5%	70.0	58.7	19.4%
Interest Expenses For Other Activities	12.7	11.3	6.9	12.6%	84.9%	104.1	74.8	39.2%
Net Interest Income (NII)	85.6	79.8	106.6	7.3%	-19.7%	718.3	764.3	-6.0%
Net Interest Margin (NIM)	6.00%	6.06%	12.03%			4.27%	7.33%	
Fees & Commission Income (Net)	43.3	37.1	15.5	16.7%	178.4%	317.3	128.4	147.2%
Dividend Incomes	7.1	2.2	8.8	220.0%	-19.2%	34.7	23.6	47.3%
Trading Income (Net)	-9.0	-3.1	7.1	194.0%	-	209.8	74.4	182.0%
Capital Markets P/L	-28.9	0.0	1.8	78349.5%	-	86.2	10.6	710.2%
FX Operations P/L	19.9	-3.0	5.3	-	276.2%	123.6	63.7	93.9%
Other Operating Income	31.3	15.9	14.9	97.0%	110.3%	259.5	114.7	126.4%
Total Income From Banking Operations	158.3	131.9	152.9	20.0%	3.5%	1,539.6	1,105.2	39.3%
Operating Expenses	56.1	46.9	32.5	19.7%	72.7%	477.0	223.7	113.2%
Net Operating Income	102.2	85.0	120.5	20.2%	-15.1%	1,062.6	881.6	20.5%
Provisions	44.1	22.0	62.0	100.2%	-29.0%	286.5	308.9	-7.3%
Profit Before Tax	58.1	62.9	58.4	-7.7%	-0.6%	732.0	572.7	27.8%
Tax	-10.1	13.5	15.8	-	-	128.3	141.0	-9.0%
Net Income	68.2	49.4	42.6	37.9%	60.1%	603.6	431.6	39.9%
Financial Leverage	11.09	11.45	10.21			11.09	10.21	
Deposits / Liabilities	63.1%	62.7%	61.8%			63.1%	61.8%	
Loans / Assets	49.6%	50.3%	52.8%			49.6%	52.8%	
Loans / Deposits	78.6%	80.2%	85.5%			78.6%	85.5%	
Loan Yields	24.49%	22.95%	13.90%			14.24%	11.05%	
Deposit Yields	-21.84%	-20.08%	-8.41%			-11.94%	-5.82%	
Spread (Loan Spread)	2.65%	2.87%	5.49%			2.30%	5.23%	
FX Assets	13,136	12,917	8,521	1.7%	54.2%	13,136	8,521	54.2%
FX Liabilities	3,985	4,037	2,463	-1.3%	61.8%	3,985	2,463	61.8%
FX Net Position	9,151	8,880	6,058	3.0%	51.0%	9,151	6,058	51.0%
ROE	39.2%	30.8%	36.6%			29.5%	31.6%	
ROA	3.5%	2.7%	3.6%			2.6%	3.1%	
EPS	2.94	2.23	2.73			2.21	2.35	

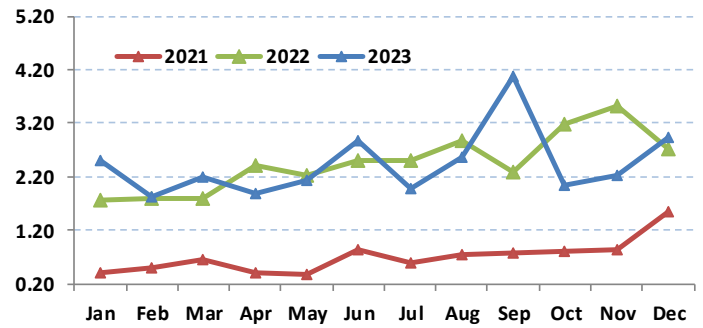
Kaynak: BRSA, Tacirler Investment Research

Performance Indicators, last three years

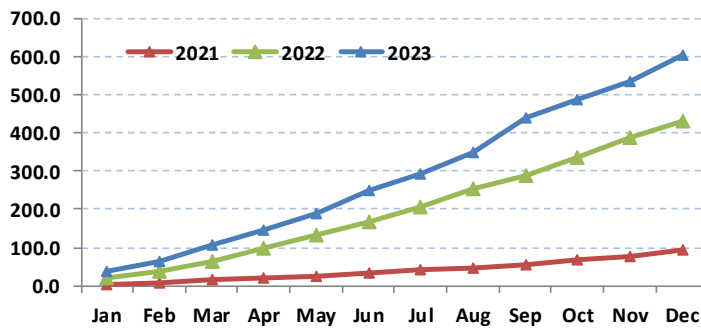
Monthly Net Incomes (bn TRY)



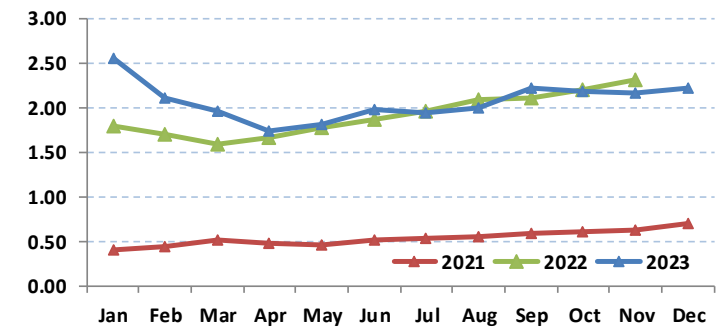
Monthly EPS



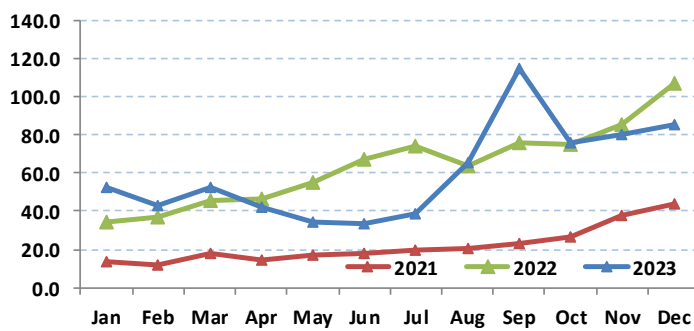
Cumulative Net Incomes (bn TRY)



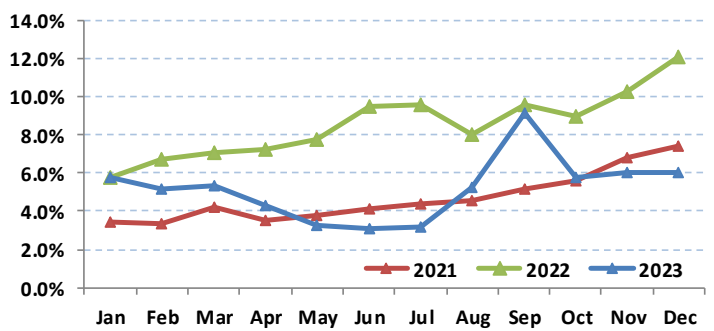
Cumulative EPS



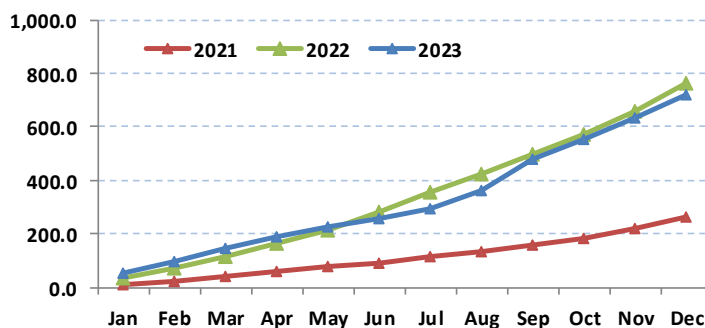
Monthly Net Interest Incomes (bn TRY)



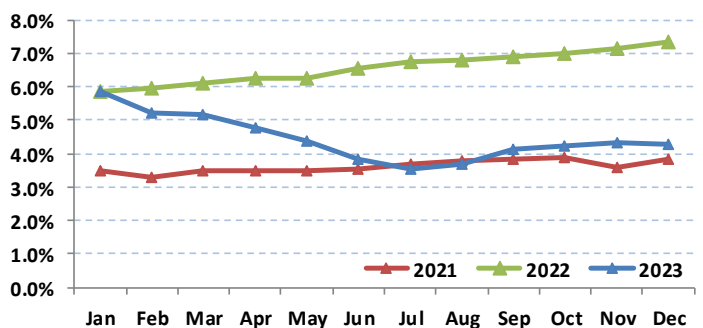
Monthly Net Interest Margins (%)



Cumulative Net Interest Incomes (bn TRY)

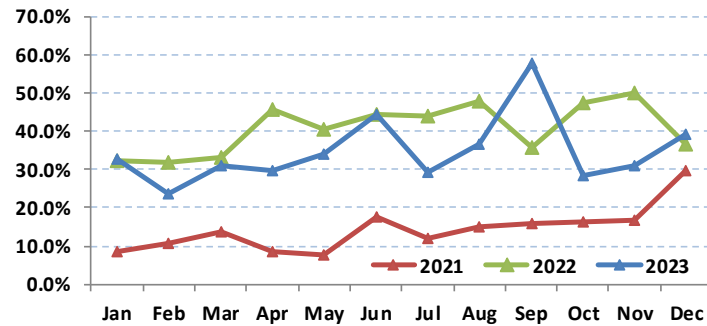


Cumulative Net Interest Margins (%)

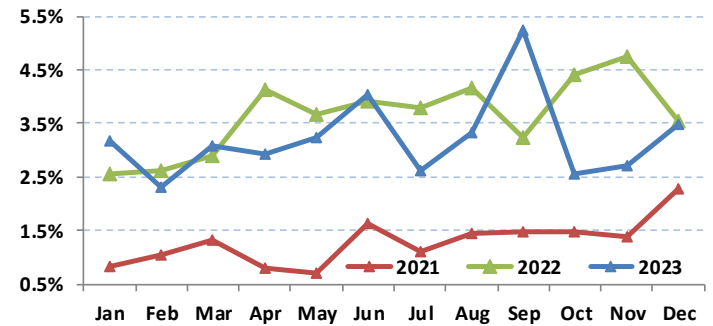


Performance Indicators, last three years

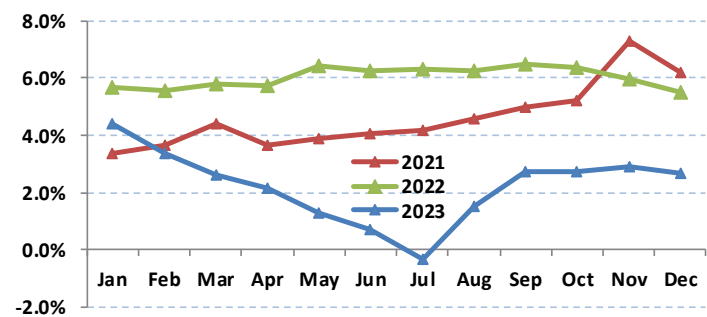
Monthly ROE



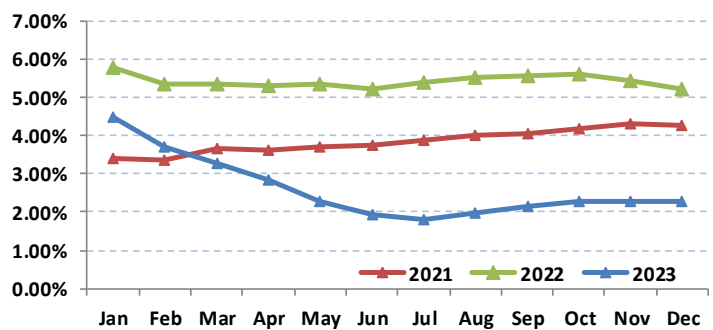
Monthly ROA



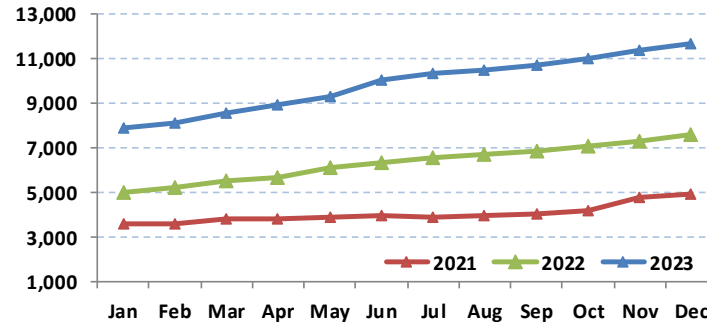
Monthly Loan Spread (%)



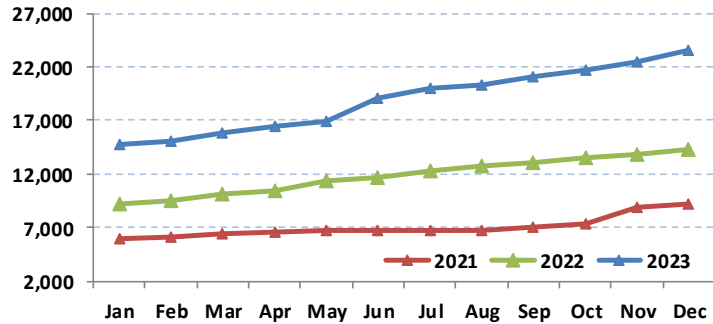
Cumulative Loan Spread (%)



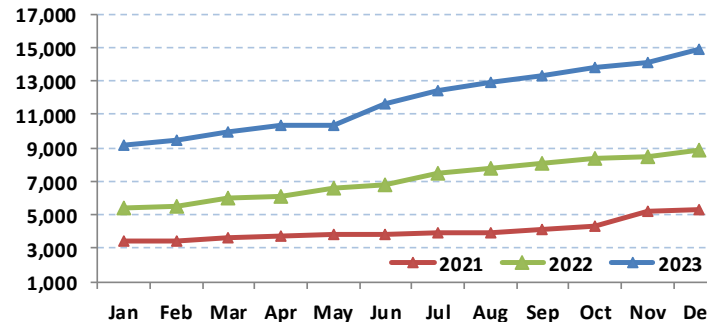
Loans (bn TL)



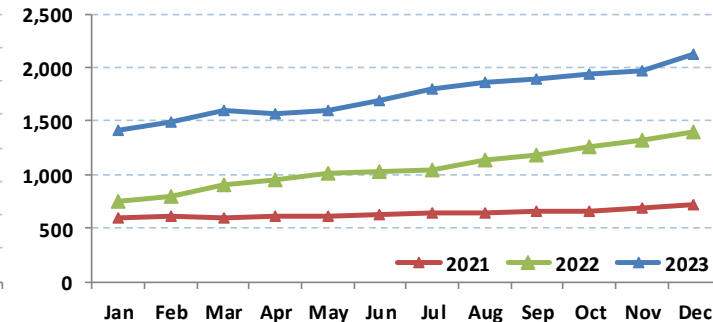
Actives (bn TL)



Deposits (bn TL)



Shareholder's Equity (bn TL)



Important Disclosures

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Rating Definition

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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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