

# Garanti BBVA

## 4Q25 Earnings review

## Net Profit Perfectly Matches Our Expectations

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Garanti BBVA has reported a net profit of TRY 26.563bn in 4Q25 on a solo basis, virtually in line with our estimate (-0.07%) (QoQ: -12.7%). The result was in line with our expectation of TRY 26.581bn and the market consensus of TRY 26.211bn. Following these results, Garanti BBVA's FY25 net income increased by 20% YoY to TRY 110.6bn. Accordingly, the bank's ROE stood at 29.1%, while ROA was recorded at 3.4% for FY25.

Garanti BBVA's net interest income increased by 24.9% QoQ, while swap costs rose by 23.2% QoQ. Accordingly, net interest income including swaps grew by 25.3% QoQ. The bank's net interest margin expanded by 71 bps QoQ to 5.6%, while Garanti BBVA closed FY25 with a net interest margin of 4.9%, well above the sector average.

On asset quality, Garanti BBVA's NPL ratio edged up by a limited 20 bps QoQ to 3.4%. Expected credit loss provisions increased by 61% QoQ, leading the bank's NPL coverage ratio to decline to 99%. In this context, net cost of risk stood at 2.6% QoQ and 2.05% on a cumulative basis.

On other income, the bank's net fees and commissions increased by 6.7% QoQ, while full-year fee and commission income grew by 51.7%. Income from associates also rose by 3.9% QoQ and 50% YoY.

Operating expenses increased by 14.5% QoQ, mainly driven by personnel expenses, while full-year operating expenses rose by 66% in 2025.

Garanti BBVA guides for 30-35% growth in TL loans and 5-7% growth in FX loans for 2026. On asset quality, the bank expects net cost of risk to come in within the 2.0-2.5% range, while guiding for a +75 bps improvement in net interest margin including swaps. The bank also forecasts 30-35% growth in net fees and commissions and expects operating expenses to increase by 45-50% in 2026.

We assess Garanti BBVA's 4Q25 results as "Neutral", as the reported net profit mirrored our expectations. Following our revisions based on the bank's 2026 guidance, we have raised our target price to TRY 225.9 from TRY 203.65, while maintaining our "Outperform" recommendation. Our target price implies a 40% upside potential from current levels. Garanti BBVA is currently trading at 4.3x 2026E P/E and 1.24x 2026E P/B, with an average RoE of 32%.

Rating	Outperform
Target price (TRY)	225,90
Upside	40%
Previous rating	Outperform
Previous target price (TRY)	203,65

	TRY	US\$
Close	161,60	3,72
BIST 100	13.891	320
US\$/TRY (CBT Bid Rate):	43,42	
52 Week High:	169,70	3,91
52 Week Low:	98,75	2,56
Bloomberg Ticker:	GARAN.TI	

Number of Shares (Mn): 4.200

	(TRY Mn)	(US\$ Mn)
Current Mcap:	678.720	15.634
Free Float Mcap:	95.021	2.189
Avg. Daily Volume:	4.059	174

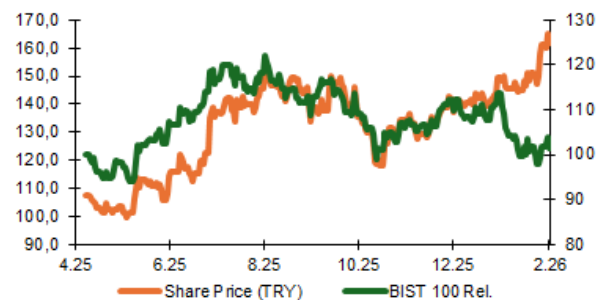
Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	26.563	26.581	0%	26.211	1,3%

4Q25	3Q25	4Q25	QoQ	4Q24	YoY
Net income (TRY mn)	30.432	26.563	-13%	25.241	5%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	87.332	92.175	110.605	158.569	229.303
BV	244.797	329.926	444.370	546.853	777.730

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,8	5,7	6,1	4,3	3,0
P/BV (x)	1,00	1,58	1,53	1,24	0,87
ROAA	5,3%	4,0%	3,4%	3,6%	4,0%
ROAE	42,6%	32,6%	29,1%	32,0%	34,7%

Returns (%)	1 M	3M	6M	12M	Ytd
TRY Return:	7,9	20,4	6,5	33,8	12,6
US\$ Return:	6,5	16,4	-0,6	10,7	11,2
BIST 100 Relative:	-10,6	-5,4	-16,8	-5,5	-8,7



**The net interest margin continues to outperform the sector average.** The high share of TL loans within Garanti BBVA's interest-earning assets remains the key driver of the bank's superior net interest margin performance. In 2025, the bank more than doubled its net interest income including swaps, reaching TRY 142.7bn.

**Strong finish in net fees and commissions.** Garanti BBVA closed 2025 with a 52% YoY increase in net fees and commissions, mainly driven by robust payment systems fees and money transfer commissions. The bank's net fees and commissions-to-operating expenses ratio stood at 93% in 2025.

**Operating expenses increased above inflation.** On the downside, Garanti BBVA's operating expenses rose by 66% YoY, mainly driven by non-personnel expenses.

**Strong loan growth continues.** The bank's TL loans increased by 10% QoQ, while FX loans grew by 2.4% QoQ, resulting in a 9% QoQ expansion in total loan volume. Garanti BBVA closed 2025 with TL loan growth of 43%, outpacing average inflation.

**Strengthening capital adequacy ratios.** Garanti BBVA's capital adequacy ratio increased by 30 bps QoQ to 20.0%, while the CET1 ratio also improved by 30 bps QoQ to 15.1%.

Figure 1: Summary balance sheet

(Bank-only, TRYmn)	12M24	9M25	12M25	QoQ	YoY	YtD
Security portfolio	367.026	425.119	429.397	1,0%	17,0%	17,0%
Loans	1.526.969	2.018.298	2.201.377	9,1%	44,2%	44,2%
<b>Total assets</b>	<b>2.607.672</b>	<b>3.498.972</b>	<b>3.820.942</b>	<b>9,2%</b>	<b>46,5%</b>	<b>46,5%</b>
<b>Deposits</b>	<b>1.821.373</b>	<b>2.340.162</b>	<b>2.563.506</b>	<b>9,5%</b>	<b>40,7%</b>	<b>85,3%</b>
TRY deposits	1.255.712	1.487.472	1.622.745	9,1%	29,2%	83,9%
FC deposits	565.661	852.690	940.760	10,3%	66,3%	87,7%
Shareholder's equity	329.926	410.433	444.370	8,3%	34,7%	81,5%
<b>Total liabilities</b>	<b>2.607.672</b>	<b>3.498.972</b>	<b>3.820.942</b>	<b>9,2%</b>	<b>46,5%</b>	<b>98,0%</b>

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	4Q24	3Q25	4Q25	QoQ	YoY	Dec. 24	Dec. 25	YoY
Net interest income (Swap adj)	24.884	36.890	46.211	25,3%	85,7%	70.413	142.673	102,6%
Net fee and commission income	28.497	38.010	40.546	6,7%	42,3%	94.124	142.747	51,7%
Dividends	4.309	7.530	7.827	3,9%	81,6%	18.948	28.504	50,4%
Net trading gain/loss	6.180	4.145	3.087	-25,5%	-50,1%	36.641	17.162	-53,2%
Other operating income	1.197	1.359	1.839	35,3%	53,6%	5.850	7.042	20,4%
Provisions (net)	2.008	9.026	14.515	60,8%	622,9%	16.353	41.259	152,3%
OPEX	29.513	41.155	47.134	14,5%	59,7%	92.822	154.098	66,0%
Net operating profit before taxes	33.546	37.754	37.861	0,3%	12,9%	116.802	142.772	22,2%
Tax provision	8.304	7.322	11.298	54,3%	36,1%	24.627	32.167	30,6%
<b>Net profit</b>	<b>25.241</b>	<b>30.432</b>	<b>26.563</b>	<b>-12,7%</b>	<b>5,2%</b>	<b>92.175</b>	<b>110.605</b>	<b>20,0%</b>

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

Funding structure	4Q24	3Q25	4Q25	QoQ	YoY	YtD
LDR	84%	86%	86%	-0,4%	2,0%	2,0%
TRY LDR	90%	99%	100%	1,1%	9,8%	9,8%
FX LDR	70%	64%	62%	-2,7%	-8,3%	-8,3%
Demand deposits/Deposits	39%	43%	42%	-0,6%	2,9%	2,9%
Time deposits/Deposits	61%	57%	58%	0,6%	-2,9%	-2,9%
Asset quality	4Q24	3Q25	4Q25	QoQ	YoY	YtD
NPL Ratio	2,2%	3,2%	3,5%	0,3%	1,3%	1,3%
Total CoR (Quarterly)	0,45%	1,81%	2,63%	0,8%	2,2%	2,2%
Total CoR (Cumulative)	1,22%	1,97%	2,07%	0,1%	0,9%	0,9%
Stage 1 loans/Total loans	85,4%	85%	85%	-0,4%	-0,3%	-0,3%
Stage 2 loans/Total loans	12,4%	11,3%	11,4%	0,1%	-0,9%	-0,9%
Total provisions/NPL	159,4%	106,3%	99,5%	-6,8%	-59,9%	-59,9%
Capital adequacy and leverage	4Q24	3Q25	4Q25	QoQ	YoY	YtD
CET1	18,0%	16,2%	16,6%	0,4%	-1,3%	-1,3%
Tier I	18,0%	16,2%	16,6%	0,4%	-1,3%	-1,3%
CAR	21,9%	20,4%	21,9%	1,5%	-0,1%	-0,1%
Leverage	7,9	8,5	8,6	0,07	0,69	0,69
Currency breakdown	4Q24	3Q25	4Q25	QoQ	YoY	YtD
TRY Loans/Loans	74,1%	72,8%	73,6%	0,8%	-0,4%	-0,4%
FX Loans /Loans	25,9%	27,2%	26,4%	-0,8%	0,4%	0,4%
TRY Deposits/Deposits	68,9%	63,6%	63,3%	-0,3%	-5,6%	-5,6%
FX Deposits/Deposits	31,1%	36,4%	36,7%	0,3%	5,6%	5,6%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)

	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	4,0%	3,6%	2,9%	-0,71%	-1,05%	-1,05%
ROAE	31,9%	30,9%	24,9%	-6,03%	-7,06%	-7,06%
NIM (Swap adj.)	4,40%	4,92%	5,70%	0,78%	1,31%	1,31%

Figure 4: Profitability ratios (Cumulative)

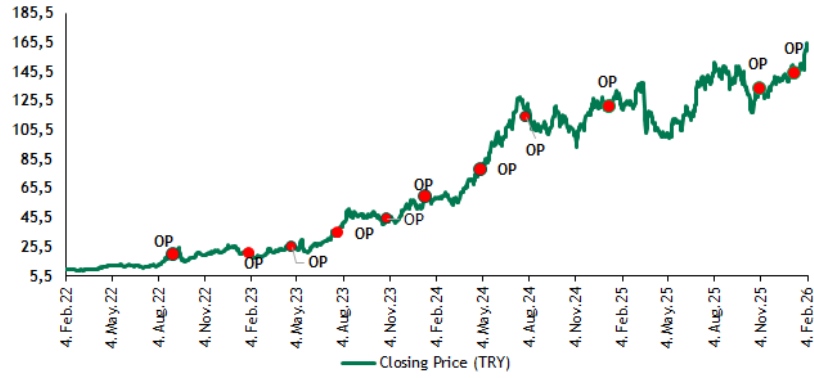
	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	4,0%	3,6%	3,4%	-0,21%	-0,59%	-0,59%
ROAE	32,6%	30,8%	29,1%	-1,68%	-3,56%	-3,56%
NIM (Swap adj.)	3,5%	4,7%	4,9%	0,29%	1,47%	1,47%

Efficiency ratios

	4Q24	3Q25	4Q25	QoQ	YoY	YtD
Cost/Assets	4,6%	4,9%	5,2%	0,27%	0,53%	0,53%
Fees (net)/Assets	4,47%	4,51%	4,43%	-0,08%	-0,04%	-0,04%
Fees (net)/OPEX	96,6%	92,4%	86,0%	-6,33%	-10,53%	-10,53%

Source: Bank financials, Seker Invest Research

### Historical Recommendation and Target Prices (TRY)



Source: Seker Invest Research

Date	Recommendation	Target Price (TRY)
29.Apr.15	Market Perform (MP)	9,07
31.Jul.15	Market Perform (MP)	9,00
28.Oct.15	Market Perform (MP)	7,93
03.Feb.16	Outperform (OP)	8,71
28.Apr.16	Outperform (OP)	9,88
29.Jul.16	Outperform (OP)	10,26
25.Oct.16	Outperform (OP)	9,93
01.Feb.17	Outperform (OP)	9,59
27.Apr.17	Outperform (OP)	11,35
28.Jul.17	Market Perform (MP)	11,59
22.Jan.18	Outperform (OP)	12,29
08.Jun.18	Outperform (OP)	11,48
27.Jul.18	Outperform (OP)	9,82
26.Oct.18	Outperform (OP)	8,14
17.Jan.19	Outperform (OP)	9,67
07.Jun.19	Outperform (OP)	9,09
31.Jul.19	Outperform (OP)	11,24
09.Oct.19	Outperform (OP)	12,26
14.Jan.20	Outperform (OP)	14,75
13.Apr.20	Outperform (OP)	10,58
30.Apr.20	Outperform (OP)	10,15
13.Jul.20	Outperform (OP)	10,90
18.Jan.21	Outperform (OP)	13,00
30.Apr.21	Outperform (OP)	11,90
27.Oct.21	Outperform (OP)	13,10
20.Jan.22	Outperform (OP)	18,80
28.Jul.22	Outperform (OP)	22,80
27.Oct.22	Outperform (OP)	37,75
12.Jan.23	Outperform (OP)	39,39
27.Apr.23	Outperform (OP)	40,53
27.Jul.23	Outperform (OP)	54,25
30.Oct.23	Outperform (OP)	76,50
12.Jan.24	Outperform (OP)	95,27
29.Apr.24	Outperform (OP)	114,00
30.Jul.24	Outperform (OP)	138,30
30.Oct.24	Outperform (OP)	166,46
07.Jan.25	Outperform (OP)	178,86
09.Jan.26	Outperform (OP)	203,65
05.Feb.26	Outperform (OP)	225,90

Source: Seker Invest Research

### Basis for 12M Recommendations

<b>Outperform:</b>	The total return is expected to exceed the return of the BIST-100 by more than 10%.
<b>Underperform:</b>	The total return is expected to fall below the return of the BIST-100 by more than 10%.
<b>Market Perform:</b>	The total return is expected to be in line with the return of the BIST-100.

Source: Seker Invest Research

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