

Garanti BBVA

1Q26 Earnings review

Strong Profitability, Downside Risks to Margin Outlook

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Garanti BBVA has reported a net profit of TRY 33,316 million in its 1Q26 standalone financial results (QoQ: +25%, YoY: +32%). The reported net income was 7% above our estimate and 8% above the market consensus.

While the broad-based increase across Garanti's revenue lines supported profitability, the modest rise in operating expenses and expected credit loss provisions on the cost side partially capped net income growth.

Net interest income increased by 7% QoQ, despite a 47.5% decline in CPI-linked securities income due to the use of a 23% inflation assumption in valuation. On the funding side, swap costs rose by 5.4% QoQ; however, swap-adjusted net interest income still grew by 7.6% QoQ to TRY 49.7 billion. Accordingly, the bank's net interest margin improved by 5 bps to 5.75%.

Net fee and commission income posted a modest 2.6% QoQ increase, supported by payment systems revenues. On the cost side, operating expenses rose by 3% over the same period. As a result, the bank's fee income-to-operating expenses ratio edged down slightly to 85.6%.

On the asset quality front, the bank's NPL ratio increased modestly to 3.7% from 3.5%, while the coverage ratio declined to 96% from 99%. Expected credit loss provisions edged down to TRY 14,175 million. Accordingly, the cost of risk (including FX impact) improved to 240 bps (4Q25: 263 bps). On the capital side, the CET1 ratio declined to 14.1% and the total capital adequacy ratio to 18.8% (4Q25: 16.6% and 21.9%).

Garanti BBVA largely maintained its 2026 guidance, while highlighting downside risks to the swap-adjusted net interest margin. The bank expects TL loan growth of 30-35% and FX loan growth of 5-7%. On asset quality, the cost of risk is projected to be in the 2-2.5% range, while the +75 bps expansion target for the swap-adjusted NIM is preserved. Meanwhile, the bank guides for 30-35% growth in net fee and commission income, alongside a 45-50% increase in operating expenses.

We maintain our "Neutral" rating following the 1Q26 results, as the reported net income was slightly above expectations. **In line with our revisions, we lower our target price from TRY 225.9 to TRY 200, while reiterating our "Outperform" recommendation.** Our target price implies a 51% upside potential from current levels. Garanti BBVA is trading at 3.6x 2026E P/E and 1.05x P/B, with an average ROE of 31.4%.

Rating	Outperform
Target price (TRY)	200,02
Upside	51%
Previous rating	Outperform
Previous target price (TRY)	225,90

	TRY	US\$
Close	132,70	2,95
BIST 100	14,311	318
US\$/TRY (CBT Bid Rate):	44,97	
52 Week High:	163,11	3,76
52 Week Low:	94,91	2,46
Bloomberg Ticker:	GARAN.TI	

Number of Shares (Mn): 4.200

	(TRY Mn)	(US\$ Mn)
Current Mcap:	557.340	12.393
Free Float Mcap:	78.028	1.735
Avg. Daily Volume:	4.256	175

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	33.316	31.043	7%	30.842	8,0%

1Q26	4Q25	1Q26	QoQ	1Q25	YoY
Net income (TRY mn)	26.563	33.316	25%	25.284	32%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	87.332	92.175	110.605	153.350	184.747
BV	244.797	329.926	444.370	532.890	717.753

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,8	5,7	5,0	3,6	3,0
P/BV (x)	1,00	1,58	1,25	1,05	0,78
ROAA	5,3%	4,0%	3,4%	3,5%	3,2%
ROAE	42,6%	32,6%	29,1%	31,4%	29,9%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	9,1	-12,5	7,9	34,8	-3,8
US\$ Return:	7,5	-15,6	0,4	15,0	-8,3
BIST 100 Relative:	-3,2	-15,4	-18,1	-13,1	-24,3

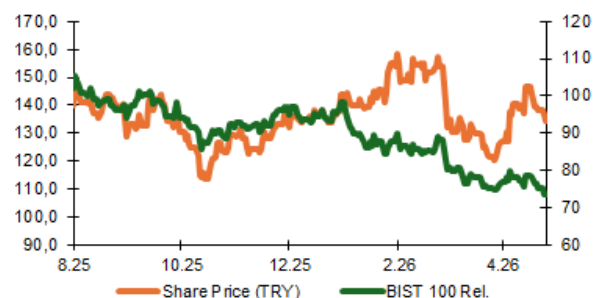


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	12M24	9M25	12M25	QoQ	YoY	YtD
Security portfolio	402.567	429.397	571.535	33,1%	42,0%	33,1%
Loans	1.660.437	2.201.377	2.346.869	6,6%	41,3%	6,6%
Total assets	3.035.025	3.820.942	4.016.807	5,1%	32,3%	5,1%
Deposits	2.198.631	2.563.506	2.710.194	5,7%	23,3%	5,7%
TRY deposits	1.452.669	1.622.745	1.704.567	5,0%	17,3%	5,0%
FC deposits	745.962	940.760	1.005.627	6,9%	34,8%	6,9%
Shareholder's equity	339.527	444.370	451.316	1,6%	32,9%	1,6%
Total liabilities	3.035.025	3.820.942	4.016.807	5,1%	32,3%	5,1%

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	1Q25	4Q25	1Q26	QoQ	YoY	Dec. 24	Dec. 25	YoY
Net interest income (Swap adj)	29.758	46.211	49.745	7,6%	67,2%	29.758	49.745	67,2%
Net fee and commission income	29.709	40.546	41.595	2,6%	40,0%	29.709	41.595	40,0%
Dividends	5.767	7.827	9.080	16,0%	57,5%	5.767	9.080	57,5%
Net trading gain/loss	5.769	3.087	6.240	102,1%	8,2%	5.769	6.240	8,2%
Other operating income	1.354	1.839	2.470	34,3%	82,5%	1.354	2.470	82,5%
Provisions (net)	9.376	14.515	16.586	14,3%	76,9%	9.376	16.586	76,9%
OPEX	30.738	47.134	48.587	3,1%	58,1%	30.738	48.587	58,1%
Net operating profit before taxes	32.243	37.861	43.957	16,1%	36,3%	32.243	43.957	36,3%
Tax provision	6.959	11.298	10.640	-5,8%	52,9%	6.959	10.640	52,9%
Net profit	25.284	26.563	33.316	25,4%	31,8%	25.284	33.316	31,8%

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

Funding structure	1Q25	4Q25	1Q26	QoQ	YoY	YtD
LDR	76%	86%	87%	0,7%	11,1%	11,1%
TRY LDR	83%	100%	102%	1,8%	18,9%	18,9%
FX LDR	61%	62%	61%	-0,7%	-0,4%	-0,4%
Demand deposits/Deposits	38%	42%	41%	-0,9%	2,9%	2,9%
Time deposits/Deposits	62%	58%	59%	0,9%	-2,9%	-2,9%
Asset quality	1Q25	4Q25	1Q26	QoQ	YoY	YtD
NPL Ratio	2,6%	3,5%	3,7%	0,2%	1,0%	1,0%
Total CoR (Quarterly)	2,30%	2,63%	2,40%	-0,2%	0,1%	0,1%
Total CoR (Cumulative)	2,30%	2,07%	2,40%	0,3%	0,1%	0,1%
Stage 1 loans/Total loans	85,8%	85%	84%	-1,1%	-1,8%	-1,8%
Stage 2 loans/Total loans	11,6%	11,4%	12,4%	1,0%	0,8%	0,8%
Total provisions/NPL	135,6%	99,5%	96,4%	-3,1%	-39,2%	-39,2%
Capital adequacy and leverage	1Q25	4Q25	1Q26	QoQ	YoY	YtD
CET1	15,6%	16,6%	14,1%	-2,5%	-1,5%	-1,5%
Tier I	15,6%	16,6%	14,1%	-2,5%	-1,5%	-1,5%
CAR	19,3%	21,9%	18,8%	-3,1%	-0,5%	-0,5%
Leverage	8,9	8,6	8,9	0,30	0,04	0,04
Currency breakdown	1Q25	4Q25	1Q26	QoQ	YoY	YtD
TRY Loans/Loans	72,4%	73,6%	73,8%	0,2%	1,4%	1,4%
FX Loans /Loans	27,6%	26,4%	26,2%	-0,2%	-1,4%	-1,4%
TRY Deposits/Deposits	66,1%	63,3%	62,9%	-0,4%	-3,2%	-3,2%
FX Deposits/Deposits	33,9%	36,7%	37,1%	0,4%	3,2%	3,2%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)

	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	3,6%	2,9%	3,4%	0,50%	-0,18%	-0,18%
ROAE	30,2%	24,9%	29,8%	4,90%	-0,46%	-0,46%
NIM (Swap adj.)	4,70%	5,70%	5,75%	0,05%	1,05%	1,05%

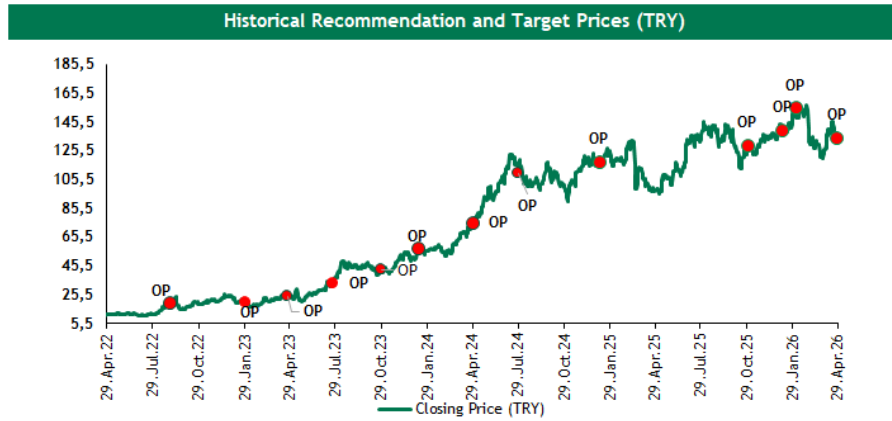
Figure 4: Profitability ratios (Cumulative)

	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	3,6%	3,4%	3,4%	-0,01%	-0,18%	-0,18%
ROAE	30,2%	29,1%	29,8%	0,68%	-0,46%	-0,46%
NIM (Swap adj.)	4,7%	4,9%	5,75%	0,81%	1,05%	1,05%

Efficiency ratios

	1Q25	4Q25	1Q26	QoQ	YoY	YtD
Cost/Assets	4,4%	5,2%	5,0%	-0,19%	0,60%	0,60%
Fees (net)/Assets	4,21%	4,43%	4,25%	-0,19%	0,03%	0,03%
Fees (net)/OPEX	96,7%	86,0%	85,6%	-0,42%	-11,04%	-11,04%

Source: Bank financials, Seker Invest Research



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
30. Apr. 26	Outperform (OP)	200,02

Source: Seker Invest Research

Basis for 12M Recommendations

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

Source: Seker Invest Research

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