

TSKB

3Q25 Earnings review

Strong asset quality & stable profitability

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TSKB has announced a 3Q25 (bank only) net profit of TRY 2,810 million, broadly in line with expectations, marking a 17% decline QoQ. The reported figure came in 1.7% below our estimate of TRY 2,860 million and 1.4% below the market median forecast of TRY 2,850 million.

The bank's 9M net profit rose 32% YoY to TRY 9,285 million. Accordingly, the average return on equity (cumulative) declined to 33.1% from 36.3% in 1H25, mainly due to the base effect from one-off gains that had boosted the previous quarter's earnings.

TSKB's interest income rose 4.1% QoQ to TRY 9.18 million, while interest expenses declined 4.5% to TRY 4.69 million. As a result, the bank's net interest income increased 14.9% QoQ to TRY 4.49 million. On the funding side, swap costs surged 240% QoQ to TRY 1,006 million. Consequently, it's cumulative net interest margin (including swaps) remained flat at 5.7%.

The bank's net fee and commission income rose 54% QoQ to TRY 140 million. On the cost side, operating expenses declined 10.3% QoQ to TRY 808 million, mainly reflecting the base effect of one-off expenses recorded in the previous quarter and effective cost management during the period.

On the asset quality front, TSKB maintained its solid credit profile this quarter as well. The bank's net cost of risk (excluding FX impact) stood at -72 bps. Notably, TSKB has not recorded any new NPL inflows for the past seven quarters, while the share of Stage 3 loans in total loans remained very low at 0.9% in 3Q25. TSKB also maintained its strong capital position during the quarter. The capital adequacy ratio (excluding regulatory adjustments) increased by 20 bps q/q to 20.5%.

The bank maintains its 2025 guidance for loan growth, return on equity, and capital adequacy. However, it has revised its net interest margin outlook upward, while lowering its projections for the NPL ratio and net cost of risk.

We evaluate TSKB's 3Q25 results as "Positive", given the in-line net profit and the upward revisions to the bank's year-end guidance. Accordingly, we raise our target price from TRY 15.86 to TRY 18.86, implying a 45% upside potential from current levels, and maintain our "Outperform" recommendation. The stock currently trades at 3.0x 2025E P/E and 0.84x 2025E P/B, with an average ROE of 32.6%.

Rating	Outperform
Target price (TRY)	18,86
Upside	45%
Previous rating	Outperform
Previous target price (TRY)	15,86

	TRY	US\$
Close	13,02	0,31
BIST 100	10.853	259
US\$/TRY (CBT Bid Rate):	41,87	
52 Week High:	14,73	0,39
52 Week Low:	9,59	0,25
Bloomberg Ticker:	TSKB.TI	

Number of Shares (Mn): 2.800

	(TRY Mn)	(US\$ Mn)
Current Mcap:	36.456	871
Free Float Mcap:	14.218	340
Avg. Daily Vol. (TRY Mn):	317	164

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	2.810	2.860	-1,7%	2.850	-1,4%

	2Q25	3Q25	QoQ	3Q24	YoY
Net income (TRY mn)	3.380	2.810	-17%	2.633	7%

Forecasts (TRY mn)	2023A	2024A	2025E	2026E	2027E
Net income	7.041	10.135	12.355	15.910	17.974
BV	21.412	32.479	43.313	57.370	72.958

Valuation	2023A	2024A	2025E	2026E	2027E
P/E (x)	2,6	3,4	3,0	2,3	2,0
P/BV (x)	0,86	1,05	0,84	0,64	0,50
ROAA	4,3%	4,1%	3,8%	3,7%	3,3%
ROAE	41,2%	37,6%	32,6%	31,6%	27,6%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	-2,1	-4,9	21,2	9,1	6,5
US\$ Return:	-3,2	-8,2	10,8	-10,8	-10,3
BIST 100 Relative:	0,6	-6,7	5,4	-10,4	-3,5

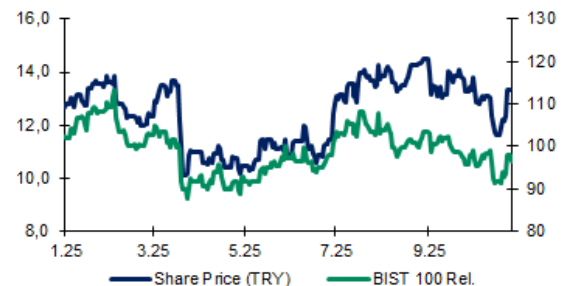


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	9M24	12M24	3M25	6M25	9M25	QoQ	YoY	YtD
Cash and cash equivalents	8.151	12.476	11.601	19.143	23.431	22,4%	187,5%	83,1%
Cash and CBT	3.762	2.880	3.215	7.057	5.583	-20,9%	48,4%	25,4%
Banks	2.219	7.676	4.016	5.210	5.628		153,6%	159,2%
Money markets	2.175	1.924	4.374	6.884	12.227	77,6%	462,3%	97,9%
Security portfolio	41.648	43.956	50.076	51.448	54.122	5,2%	30,0%	39,7%
Financial Assets At Fair Value Through P&L	399	1.384	1.492	1.613	1.590	-1,4%	298,7%	287,3%
Financial Assets at Fair Value Through Other Comp. In	16.601	18.353	22.688	25.017	26.600	6,3%	60,2%	88,7%
Financial Assets Measured at Amortised Cost	24.647	24.220	25.896	24.819	25.931	4,5%	5,2%	7,1%
Derivative Financial Assets	1.722	3.057	1.768	1.663	1.831	10,1%	6,4%	-27,1%
Receivables from Lease Transactions	460	418	447	1.034	1.069	3,4%	132,7%	126,0%
Performing Loans	162.509	161.814	185.699	201.628	213.142	5,7%	31,0%	43,4%
TRY loans	11.889	14.384	14.461	12.941	13.240	2,3%	11,4%	3,9%
FC loans	150.620	147.430	171.237	188.687	199.902	5,9%	32,5%	47,1%
FC loans (in \$)	4.418	4.186	4.534	4.748	4.817	1,5%	8,9%	16,4%
Loans	166.448	166.000	189.780	205.374	216.815	5,6%	30,3%	43,9%
TRY loans	11.889	14.384	14.461	12.941	13.240	2,3%	11,4%	3,9%
FX loans	154.559	151.616	175.318	192.433	203.575	5,8%	31,7%	47,5%
Non-performing loans	3.939	4.186	4.081	3.746	3.673	-1,9%	-1,9%	75,0%
TRY	3.938	4.185	4.080	3.745	3.672	-1,9%	-1,9%	75,0%
FC	1	1	1	1	1	10,0%	37,5%	10,0%
Expected Credit Loss	8.654	8.047	7.962	7.439	7.898	6,2%	-8,7%	-11,2%
12 Month Expected Credit Loss (Stage I)	1.173	1.139	1.153	859	929	8,2%	-12,7%	-4,8%
Significant Increase In Credit Risk (Stage II)	3.969	4.258	4.321	4.604	3.883	-15,7%	14,3%	6,4%
Credit Impaired Losses (Stage III/Special Provision)	3.072	3.260	3.391	3.144	3.215	2,3%	61,6%	60,8%
Total assets	220.964	231.260	259.813	286.855	305.480	6,5%	38,2%	47,4%
Deposits	0	0	0	0	0	n.a	n.a	n.a
TRY deposits	0	0	0	0	0	n.a	n.a	n.a
FC deposits	0	0	0	0	0	n.a	n.a	n.a
Funds borrowed	123.307	124.001	149.554	163.425	168.143	2,9%	36,4%	36,4%
MM	10.482	3.281	16.268	19.898	15.724	-21,0%	50,0%	50,0%
Securities issued	40.045	51.562	39.906	41.937	58.825	40,3%	46,9%	46,9%
Leasing debts	172	248	233	221	209	-5,3%	21,3%	21,3%
Subordinated debt	10.214	10.801	11.315	12.210	12.429	1,8%	21,7%	21,7%
Shareholder's equity	29.217	32.479	35.150	39.439	42.705	8,3%	46,2%	46,2%
Total liabilities	220.964	231.260	259.813	286.855	305.480	6,5%	38,2%	38,2%

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	Eyl.24	Eyl.25	YoY
Interest income	7.438	7.374	7.534	8.816	9.180	4,1%	23,4%	21.270	25.530	20,0%
Loans	4.508	4.366	4.763	5.601	5.099	-9,0%	13,1%	13.017	15.464	18,8%
Reserve deposits	0	0	0	0	0	113,8%	-61,3%	1	0	n.a
Banks	15	41	23	15	29	93,1%	86,9%	48	66	39,5%
Securities	2.315	2.626	2.363	2.714	2.762	1,8%	19,3%	6.526	7.838	20,1%
Interest expense	3.839	3.365	3.965	4.910	4.690	-4,5%	22,2%	11.068	13.565	22,6%
Deposits	0	0	0	0	0	#DIV/0!	#DIV/0!	0	0	n.a
Funds borrowed	2.132	1.875	2.151	2.313	2.363	2,2%	10,9%	6.091	6.828	12,1%
Money market	724	250	674	1.480	876	-40,8%	21,0%	2.065	3.030	46,7%
Debt instruments	949	1.169	1.110	1.087	1.422	30,8%	49,8%	2.802	3.619	29,1%
Net interest income	3.598	4.008	3.569	3.907	4.490	14,9%	24,8%	10.911	11.965	9,7%
Net fee and commission income	118	101	71	91	140	54,1%	18,2%	401	302	-24,7%
Core revenues	3.717	4.109	3.640	3.997	4.630	15,8%	24,6%	11.312	12.267	8,4%
Dividend income	5	0	5	5	0	-100,0%	-100,0%	12	10	-20,5%
Commercial profit gain/loss	-219	-354	-71	198	-514	-359,9%	134,6%	-1.187	-387	-67,3%
Other operating income	371	344	742	1.440	386	-73,2%	4,1%	855	2.569	200,4%
Gross operating income	3.874	4.099	4.316	5.640	4.502	-20,2%	16,2%	11.097	14.458	30,3%
OPEX	541	632	681	901	808	-10,3%	49,3%	1.515	2.390	57,7%
PPOP	3.333	3.468	3.634	4.739	3.695	-22,0%	10,8%	9.416	12.068	28,2%
Expected Credit Loss	-52	-82	222	974	566	-41,9%	-1186,6%	646	1.762	172,8%
General Provisions	504	304	97	-29	0	-100,0%	-100,0%	1.827	68	-96,3%
Non Performing Loans (Stage III/Special Provision)	1.272	131	165	-25	0	-100,0%	-100,0%	1.307	140	-89,3%
Other provisions	0	0	0	70	0	-100,0%	#DIV/0!	0	70	#DIV/0!
Personnel Expense	379	471	519	668	609	-8,9%	60,8%	1.101	1.796	63,1%
Other OPEX	163	160	162	233	199	-14,4%	22,6%	476	594	24,8%
Net operating income	3.385	3.220	3.413	3.695	3.129	-15,3%	-7,6%	9.259	10.236	10,6%
Income/loss from inv. under equity	226	1.017	528	801	513	-36,0%	126,4%	1.172	1.842	57,1%
Net operating income	3.612	4.237	3.940	4.496	3.641	-19,0%	0,8%	9.442	12.078	27,9%
Tax provision	979	1.138	846	1.116	831	-25,5%	-15,1%	2.406	2.793	16,1%
Net income	2.633	3.099	3.095	3.380	2.810	-16,9%	6,7%	7.036	9.285	32,0%

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

Balance sheet structure (as % of total assets)	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	YtD
Liquid Assets	11%	14%	14%	16%	17%	0,9%	5,5%	3,0%
Securities	19%	19%	19%	18%	18%	-0,2%	-1,1%	-1,3%
Loans	74%	70%	71%	70%	70%	-0,5%	-3,8%	-0,2%
Funds borrowed	56%	54%	58%	57%	55%	-1,9%	-0,8%	1,4%
MM borrowing	5%	1%	6%	7%	5%	-1,8%	0,4%	3,7%
Securities issued	18%	22%	15%	15%	19%	4,6%	1,1%	-3,0%
Equity	13%	14%	14%	14%	14%	0,2%	0,8%	-0,1%
IEA	94%	93%	93%	92%	93%	0,9%	-1,4%	0,3%
Asset quality	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	YtD
NPL Ratio	2,4%	2,5%	2,2%	1,8%	1,7%	-0,1%	-0,7%	-0,8%
Stage 1 Coverage	1,0%	0,9%	0,9%	0,6%	0,6%	0,0%	-0,4%	-0,3%
Stage 2 Coverage	31,1%	31,9%	34,7%	35,5%	35,3%	-0,3%	4,2%	3,4%
NPL coverage	78,0%	77,9%	83,1%	83,9%	87,5%	3,6%	9,5%	9,6%
ECL % of PPOP	-1,6%	-2,4%	6,1%	20,6%	15,3%	-5,2%	16,9%	17,7%
ECL % of RWA	0,0%	-0,1%	0,1%	0,6%	0,3%	-0,3%	0,4%	0,4%
Specific CoR (gross)	3,27%	0,32%	0,38%	-0,05%	0,00%	0,1%	-3,3%	-0,3%
Specific CoR (Net)	2,93%	0,28%	0,13%	-0,74%	-0,14%	0,6%	-3,1%	-0,4%
Total CoR (gross)	4,57%	1,07%	0,60%	-0,11%	0,00%	0,1%	-4,6%	-1,1%
Total CoR (net)	4,22%	1,03%	0,35%	-0,80%	-0,14%	0,7%	-4,4%	-1,2%
NPL/Equity	13%	13%	12%	9%	9%	-0,9%	-4,9%	-4,3%
Stage 1 loans/Total loans	87,1%	87,8%	89,0%	90,0%	91,2%	1,2%	4,0%	3,4%
Stage 2 loans/Total loans	9,8%	9,3%	8,3%	7,8%	6,6%	-1,2%	-3,2%	-2,7%
Restructured/Stage 2	52,8%	50,8%	53,1%	50,0%	100,0%	50,0%	47,2%	49,2%
Restructured/Gross Loans	4,1%	4,1%	3,5%	3,2%	5,1%	1,9%	1,0%	1,0%
Total provisions/NPL	219,7%	192,2%	195,1%	198,6%	215,0%	16,4%	-4,7%	22,8%
Total coverage/Gross Loans	5,2%	4,8%	4,2%	3,6%	3,6%	0,0%	-1,6%	-1,2%
Collections/New NPLs	7%	6%	5425%	33500%	12333%	-21166,7%	12326,6%	12327,1%
Collections/Pre-tax income	4%	0%	3%	7%	2%	-5,4%	-1,7%	1,6%
Capital adequacy and leverage	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	YtD
CET1	19,5%	15,3%	16,6%	17,6%	19,3%	1,7%	-0,2%	4,1%
Tier I	25,0%	21,8%	23,0%	23,9%	25,7%	1,8%	0,7%	4,0%
CAR	26,2%	22,9%	24,1%	25,0%	26,9%	1,8%	0,7%	4,0%
Free Equity/Equity	56%	47%	51%	41%	49%	7,7%	-7,5%	1,8%
Leverage	7,6	7,1	7,4	7,3	7,2	-12,0%	-41,0%	3,3%
Currency breakdown	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	YtD
TRY Loans/Loans	7,3%	8,9%	7,8%	6,4%	6,2%	-0,2%	-1,1%	-2,7%
FX Loans /Loans	92,7%	91,1%	92,2%	93,6%	93,8%	0,2%	1,1%	2,7%
Currency risk	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY	YtD
Net FX position	-11.287	-14.221	-6.453	-4.898	-13.207	-8.309	-1.920	1.014
Net FX position/Equity	-38,6%	-43,8%	-18,4%	-12,4%	-30,9%	-18,5%	7,7%	0

Source: Bank financials, Şeker Invest Research

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