

TSKB

4Q25 Earnings review

Margin Recovery Continues, Provisioning Expenses Weigh on Profitability

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Türkiye Sınai Kalkınma Bankası (TSKB) has reported a net profit of TRY 2,098mn in 4Q25, in line with expectations (-25% QoQ). The reported figure was in broadly in line with our estimate of TRY 2,043mn and the market consensus of TRY 2,015mn. The qoq decline in profitability was mainly driven by a sharp increase in provisioning expenses (+347% QoQ), in line with inflows to the non-performing loan (NPL) portfolio.

TSKB's full-year 2025 net profit increased by 12.3% YoY to TRY 11,383mn. Accordingly, the bank's average ROAE stood at 19% QoQ, while FY25 ROAE came in at 29.1% (2024: 38%). The bank's ROAA was 4.0% in 2025 (2024: 4.9%).

On asset quality, provisioning expenses rose sharply in 4Q25, in line with inflows to the non-performing loan (NPL) portfolio, pushing the bank's net cost of risk up to 4.3% QoQ and 0.91% on a full-year basis. TSKB's net expected credit loss (ECL) charges surged from TRY 554mn in 3Q25 to TRY 2,478mn in 4Q25, emerging as the key drag on profitability. In parallel, the NPL ratio increased from 0.8% to 2.4%.

TSKB's interest income increased by 2.2% QoQ to TRY 9,383mn, while interest expenses declined by 8.8% QoQ to TRY 4,277mn. As a result, the bank's net interest income rose by 13.7% QoQ to TRY 5,100mn. Swap costs increased by 35% QoQ to TRY 1,358mn. Accordingly, the bank's swap-adjusted net interest margin (cumulative) stood at 5.2%.

On other income, TSKB's income from associates increased by 21% QoQ to TRY 622mn, while fee and commission income declined by 11% QoQ over the same period. On the cost side, operating expenses rose sharply by 21% QoQ, mainly driven by higher personnel expenses, emerging as another drag on profitability.

Capital adequacy ratios continued to strengthen. TSKB's CET1 ratio increased by 50bp QoQ to 19.1%, while the total capital adequacy ratio also rose by 50bp QoQ to 25.7%.

For 2026 guidance, the bank expects FX-adjusted loan growth in the low double digits and set its net interest margin target at 4.5%. It guides for fee and commission income growth of over 50%, while operating expense growth is expected to outpace average inflation. The bank targets ROAE at 25%, with an NPL ratio of 2.5% and a net cost of risk (excl. FX impact) of 50bp.

We evaluate the 4Q25 results as Neutral, given that the reported net profit printed in line with expectations. We maintain our target price of TRY 20.06 per share, which implies 42.7% upside potential from current levels, and reiterate our "Outperform" recommendation. The stock is currently trading at 2.9x 2026E P/E and 0.70x 2026E P/B, with an ROE of 26.8%.

Rating	Outperform				
Target price (TRY)	20,06				
Upside	43%				
Previous rating	Outperform				
Previous target price (TRY)	20,06				
	TRY	US\$			
Close	14,06	0,32			
BIST 100	13,875	320			
US\$/TRY (CBT Bid Rate):	43,41				
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:	39.368	907			
Free Float Mcap:	15.354	354			
Avg. Daily Volume:	358	174			
Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	2.098	2.043	2,7%	2.015	4,1%
4Q25	3Q25	4Q25	QoQ	4Q24	YoY
Net income (TRY mn)	2.810	2.098	-25%	3.099	-32%
Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	7.041	10.135	11.383	13.786	16.631
BV	21.412	32.479	45.651	55.990	71.910
Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,6	3,4	3,5	2,9	2,4
P/BV (x)	0,86	1,05	0,86	0,70	0,55
ROAA	5,0%	4,9%	4,0%	3,6%	3,5%
ROAE	41,2%	38,1%	29,1%	26,8%	25,2%
Returns (%)	1M	3M	6M	12M	YTD
TRY Return:	9,5	9,4	1,4	3,5	13,8
US\$ Return:	8,1	5,6	-5,4	-14,7	12,4
BIST 100 Relative:	-9,3	-12,8	-21,5	-27,1	-7,6

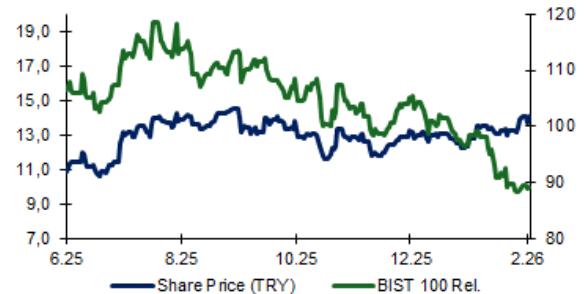


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	12M24	9M25	12M25	QoQ	YoY	YtD
Security portfolio	43.956	54.122	56.981	5,3%	29,6%	29,6%
Loans	166.000	216.815	234.731	8,3%	41,4%	41,4%
Total assets	231.260	305.480	326.657	6,9%	41,3%	41,3%
Banks and interbank borrowing	190.576	255.993	274.591	7,3%	44,1%	44,1%
TRY	2.259	13.656	3.943	-71,1%	74,5%	74,5%
FC	188.317	242.338	270.649	11,7%	43,7%	43,7%
FC (in \$)	5.346	5.840	6.314	8,1%	18,1%	18,1%
Shareholder's equity	32.479	42.705	45.651	6,9%	40,6%	40,6%
Total liabilities	231.260	305.480	326.657	6,9%	41,3%	41,3%

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)	3.475	3.484	3.747	7,6%	7,8%	11.937	13.971	17,0%
Net fee and commission income	101	140	124	-11,1%	22,9%	514	426	-17,0%
Dividends	1.017	513	622	21,4%	-38,8%	2.280	2.464	8,0%
Net trading gain/loss	179	492	1.267	157,4%	607,9%	1.093	2.621	139,7%
Other operating income (Net)	344	386	508	31,6%	47,7%	888	3.077	246,4%
Provisions (net)	-441	554	2.478	347,2%	-661,6%	-79	2.520	-3270,3%
OPEX	632	808	978	21,1%	54,8%	2.147	3.368	56,9%
Net operating profit before taxes	4.237	3.641	2.744	-24,6%	-35,2%	13.679	14.822	8,4%
Tax provision	1.138	831	646	-22,2%	-43,2%	3.544	3.439	-3,0%
Net profit	3.099	2.810	2.098	-25,4%	-32,3%	10.135	11.383	12,3%

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

	4Q24	3Q25	4Q25	QoQ	YoY	YtD
Asset quality						
NPL Ratio	2,2%	0,9%	2,4%	1,6%	0,3%	0,3%
Total CoR (Quarterly)	-0,26%	0,09%	4,34%	4,3%	4,6%	4,6%
Total CoR (Cumulative)	-0,55%	-0,31%	0,91%	1,2%	1,5%	1,5%
Stage 1 loans/Total loans	91,2%	92,3%	90,6%	-1,7%	-0,6%	-0,6%
Stage 2 loans/Total loans	6,6%	6,9%	7,0%	0,1%	0,4%	0,4%
Total provisions/NPL	219,1%	418,4%	185,9%	-232,5%	-33,2%	-33,2%
Capital adequacy and leverage	4Q24	3Q25	4Q25	QoQ	YoY	YtD
CET1	19,3%	18,6%	19,1%	0,5%	-0,2%	-0,2%
Tier I	25,7%	24,1%	24,6%	0,5%	-1,2%	-1,2%
CAR	26,9%	25,2%	25,7%	0,5%	-1,2%	-1,2%
Leverage	7,1	7,2	7,2	0,00	0,04	0,04
Currency breakdown	4Q24	3Q25	4Q25	QoQ	YoY	YtD
TRY Loans/Loans	6,7%	5,3%	6,6%	1,3%	-0,1%	-0,1%
FX Loans /Loans	93,3%	94,7%	93,4%	-1,3%	0,1%	0,1%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)

	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	5,5%	3,8%	2,7%	-1,14%	-2,83%	-2,83%
ROAE	40,2%	27,4%	19,0%	-8,38%	-21,19%	-21,19%
NIM (Swap adj.)	6,6%	5,1%	5,1%	0,03%	-1,46%	-1,46%
Figure 4: Profitability ratios (Cumulative)	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	4,9%	4,6%	4,0%	-0,53%	-0,86%	-0,86%
ROAE	38,1%	33,1%	29,1%	-3,94%	-9,01%	-9,01%
NIM (Swap adj.)	6,0%	5,3%	5,2%	-0,10%	-0,85%	-0,85%

Source: Bank financials, Seker Invest Research

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