

VakıfBank

4Q25 Earnings review

Earnings Beat Expectations, Margins Strengthen

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VakıfBank has reported a net profit of TRY 28.1bn in 4Q25, representing a 136% QoQ increase. The reported earnings exceeded both our estimate and the market/consensus expectations by 20%. The strong QoQ improvement in profitability was driven by a marked increase in net interest income as well as a decline in provisioning expenses, while the Bank maintained a strong profitability performance despite setting aside TRY 4bn in general provisions during the quarter. Following these results, VakıfBank's full-year 2025 net profit reached TRY 70.1bn, up 73% YoY, with ROE and ROA standing at 27.3% and 1.5%, respectively.

On the net interest income front, net interest income increased by 91% QoQ. While the 84% QoQ rise in income from CPI-linked securities, driven by base effects, made a meaningful contribution to the headline growth, the underlying performance was even stronger, with net interest income excluding CPI-linked incomes and including swaps increasing by 104% QoQ, outpacing the headline growth. This indicates that the margin recovery is supported not only by base effects but also by a solid improvement in the Bank's core net interest performance. The Bank's swap costs increased by a limited 7% during the quarter. As a result, VakıfBank's net interest margin strengthened significantly from 2.8% in the previous quarter to 5.0%, while improving from 2.6% to 3.3% on a cumulative basis.

VakıfBank's NPL ratio increased by a limited 13 bps QoQ to 2.88%, while net expected credit loss provisions declined by 15.6% during the quarter. Accordingly, the coverage ratio for Stage 3 loans stood at 114%. The Bank's net cost of risk declined to 64 bps on a quarterly basis, while ending 2025 at 122 bps.

Following the strong increase in the previous quarter, net fee and commission income declined by 6% QoQ in 4Q25, while posting a 56% YoY growth in full-year 2025. Operating expenses increased by 13% QoQ and rose by 61% YoY in 2025. Accordingly, VakıfBank's fee and commission income to operating expenses coverage ratio stood at 55.8%.

VakıfBank's capital adequacy ratios showed a strong recovery during the period. The Bank's CET1 ratio improved from 10.0% to 11.4%, while the total capital adequacy ratio strengthened from 14.7% to 16.7%.

The Bank also increased its free provisions from TRY 4bn to TRY 8bn, thereby strengthening its prudential buffer against potential risks.

We evaluate VakıfBank's 4Q25 results as "Positive", driven by stronger-than-expected earnings as well as the recovery in margins and capital adequacy. We raise our 12 month target price for VakıfBank to TRY 55.04 from TRY 52.28 and maintain our "Outperform" recommendation. Our updated target price implies a 48% upside potential from current levels. VakıfBank is trading at 2026E P/E of 3.0x and P/B of 0.82x, based on an average ROE assumption of 32.4%.

Rating	Outperform
Target price (TRY)	55.04
Upside	48%
Previous rating	Outperform
Previous target price (TRY)	52.28

	TRY	US\$
Close	37.12	0.85
BIST 100	13,838	318
US\$/TRY (CBT Bid Rate):	43.52	
52 Week High:	37.88	0.87
52 Week Low:	19.92	0.51
Bloomberg Ticker:	VAKBN.TI	

Number of Shares (Mn): 9,916

	(TRY Mn)	(US\$ Mn)
Current Mcap:	368,079	8,471
Free Float Mcap:	22,085	508
Avg. Daily Volume:	1,046	174

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	28,094	23,403	20.0%	23,343	20.4%

4Q25	3Q25	4Q25	QoQ	4Q24	YoY
Net income (TRY mn)	11,893	28,094	136%	13,161	113%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	25,046	40,375	70,050	124,004	165,874
BV	171,428	219,194	322,381	450,565	598,672

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	5.1	5.7	5.3	3.0	2.2
P/BV (x)	0.74	1.05	1.14	0.82	0.61
ROAA	1.1%	1.2%	1.5%	2.0%	2.1%
ROAE	16.6%	20.9%	27.3%	32.8%	32.4%

Returns (%)	1 M	3M	6M	12M	YTD
TRY Return:	13.9	46.8	29.0	45.1	21.0
US\$ Return:	12.7	42.1	20.4	19.7	19.3
BIST 100 Relative:	0.5	15.9	2.3	4.4	-1.5

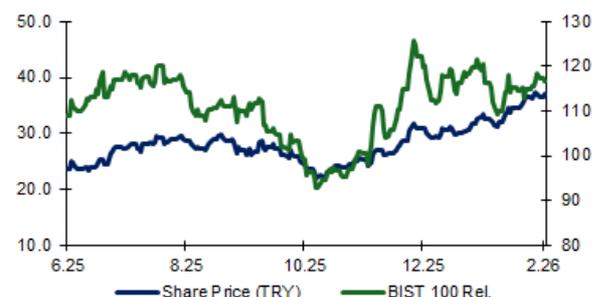


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	12M24	9M25	12M25	QoQ	YoY	YtD
Security portfolio	915,386	1,108,811	1,199,693	8.2%	31.1%	31.1%
Loans	2,009,402	2,662,335	2,925,230	9.9%	45.6%	45.6%
Total assets	4,021,486	4,994,270	5,388,290	7.9%	34.0%	34.0%
Deposits	2,537,788	3,132,011	3,449,195	10.1%	35.9%	35.9%
TRY deposits	1,864,267	2,213,921	2,439,188	10.2%	30.8%	30.8%
FC deposits	673,521	918,090	1,010,006	10.0%	50.0%	50.0%
Shareholder's equity	219,194	263,628	322,381	22.3%	47.1%	47.1%
Total liabilities	4,021,486	4,994,270	5,388,290	7.9%	34.0%	34.0%

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)	37,764	31,519	60,365	91.5%	59.8%	68,704	138,550	101.7%
Net fee and commission income	13,298	20,605	19,373	-6.0%	45.7%	46,474	72,693	56.4%
Net trading gain/loss	5,879	4,355	3,017	-30.7%	-48.7%	20,911	19,875	-5.0%
Other operating income	5,291	1,058	3,055	188.7%	-42.3%	40,781	18,434	-54.8%
Provisions (net)	18,772	10,433	8,803	-15.6%	-53.1%	47,023	35,956	-23.5%
OPEX	22,092	30,694	34,730	13.2%	57.2%	73,331	118,021	60.9%
Net operating profit before taxes	22,017	16,412	42,284	157.6%	92.1%	56,639	96,101	69.7%
Tax provision	8,856	4,519	14,190	214.0%	60.2%	16,264	26,051	60.2%
Net profit	13,161	11,893	28,094	136.2%	113.5%	40,375	70,050	73.5%

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

	4Q24	3Q25	4Q25	QoQ	YoY	YtD
Funding structure						
LDR	79%	85%	85%	-0.2%	5.6%	5.6%
TRY LDR	69%	74%	75%	0.1%	5.9%	5.9%
FX LDR	108%	110%	110%	-0.8%	1.2%	1.2%
Demand deposits/Deposits	26%	30%	33%	3.2%	6.3%	6.3%
Time deposits/Deposits	74%	70%	67%	-3.2%	-6.3%	-6.3%
Asset quality						
NPL Ratio	1.8%	2.8%	2.9%	0.1%	1.1%	1.1%
Total CoR (Quarterly)	2.33%	1.56%	0.64%	-0.9%	-1.7%	-1.7%
Total CoR (Cumulative)	0.87%	1.45%	1.22%	-0.2%	0.4%	0.4%
Stage 1 loans/Total loans	90.5%	88.7%	88.4%	-0.3%	-2.1%	-2.1%
Stage 2 loans/Total loans	7.7%	8.5%	8.7%	0.2%	1.0%	1.0%
Total provisions/NPL	185.5%	123.7%	114.5%	-9.3%	-71.0%	-71.0%
Capital adequacy and leverage						
CET1	11.1%	10.0%	11.4%	1.4%	0.4%	0.4%
Tier I	13.5%	12.3%	14.4%	2.1%	0.9%	0.9%
CAR	16.1%	14.7%	16.7%	2.0%	0.6%	0.6%
Leverage	18.35	18.94	16.71	-2.23	-1.63	-1.63
Currency breakdown						
TRY Loans/Loans	63.7%	61.9%	62.1%	0.2%	-1.5%	-1.5%
FX Loans /Loans	36.3%	38.1%	37.9%	-0.2%	1.5%	1.5%
TRY Deposits/Deposits	73.5%	70.7%	70.7%	0.0%	-2.7%	-2.7%
FX Deposits/Deposits	26.5%	29.3%	29.3%	0.0%	2.7%	2.7%

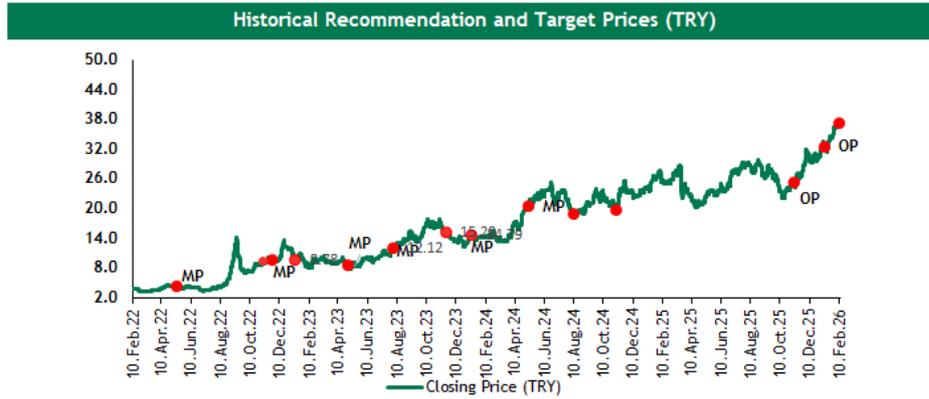
Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	1.4%	1.0%	2.2%	1.17%	0.78%	0.78%
ROAE	25.0%	18.7%	38.4%	19.70%	13.31%	13.31%
NIM (Swap adj.)	4.6%	2.8%	5.0%	2.19%	0.34%	0.34%

Figure 4: Profitability ratios (Cumulative)	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	1.2%	1.3%	1.5%	0.25%	0.30%	0.30%
ROAE	20.9%	23.3%	27.3%	4.01%	6.40%	6.40%
NIM (Swap adj.)	2.4%	2.6%	3.3%	0.69%	0.87%	0.87%

Efficiency ratios	4Q24	3Q25	4Q25	QoQ	YoY	YtD
Cost/Assets	2.3%	2.6%	2.7%	0.10%	0.35%	0.35%
Fees (net)/Assets	1.4%	1.7%	1.5%	-0.23%	0.09%	0.09%
Fees (net)/OPEX	60.2%	67.1%	55.8%	-11.35%	-4.41%	-4.41%

Source: Bank financials, Seker Invest Research



Source: Seker Invest Research

Date	Recommendation	Target Price (TRY)
22.Jan.18	Market Perform (MP)	7.58
22.May.18	Market Perform (MP)	7.06
08.Aug.18	Market Perform (MP)	5.47
12.Nov.18	Market Perform (MP)	3.77
17.Jan.19	Market Perform (MP)	4.26
14.Feb.19	Market Perform (MP)	4.91
13.May.19	Outperform (OP)	5.20
07.Jun.19	Outperform (OP)	4.60
15.Aug.19	Outperform (OP)	5.76
09.Oct.19	Market Perform (MP)	5.11
14.Jan.20	Outperform (OP)	7.75
13.Apr.20	Outperform (OP)	5.78
11.May.20	Outperform (OP)	5.45
10.Jun.20	Outperform (OP)	5.31
13.Jul.20	Outperform (OP)	6.16
10.Nov.20	Market Perform (MP)	5.10
18.Jan.21	Market Perform (MP)	5.80
06.May.21	Market Perform (MP)	4.30
09.Aug.21	Outperform (OP)	4.45
20.Jan.22	Outperform (OP)	4.90
11.May.22	Market Perform (MP)	4.90
09.Aug.22	Market Perform (MP)	5.70
07.Nov.22	Market Perform (MP)	11.10
12.Jan.23	Market Perform (MP)	13.26
01.Aug.23	Market Perform (MP)	13.54
09.Aug.23	Market Perform (MP)	15.80
09.Nov.23	Market Perform (MP)	21.70
12.Jan.24	Market Perform (MP)	19.95
09.May.24	Market Perform (MP)	26.43
08.Aug.24	Market Perform (MP)	26.43
06.Nov.24	Market Perform (MP)	26.43
07.Nov.25	Outperform (OP)	36.74
09.Jan.26	Outperform (OP)	52.28
10.Feb.26	Outperform (OP)	55.04

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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