

Yapı Kredi Bank

1Q26 Earnings review

Stronger-Than-Expected Profitability

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Yapı Kredi Bank has reported a net income of TRY 20.3bn in its 1Q26 solo financial results, exceeding both our estimate and the market consensus. The reported net income implies a 119% QoQ and 78% YoY increase.

The strong increase in net interest income and the rise in trading income were the main drivers of the Bank's earnings growth, while the limited increase in expected credit loss provisions and the decline in operating expenses provided additional support to profitability.

Net interest income increased by 13% QoQ, while swap costs rose by 7.6% over the same period. Accordingly, swap-adjusted net interest income grew by 20.5% QoQ to TRY 23.1bn. The swap-adjusted net interest margin improved by 40bps QoQ to 3.21%, despite the decline in CPI-linked securities income.

Net fee and commission income declined slightly by 0.9% QoQ to TRY 30.3bn in 1Q26, while recording a 33.1% YoY increase.

On the cost side, operating expenses declined by 5% QoQ, while increasing by 35% YoY. Accordingly, the Bank's fee income to operating expenses ratio improved to 89.5%.

On the asset quality side, Yapı Kredi's NPL ratio increased by 25bps to 4.06%, while expected credit loss provisions rose by a limited 4.6% QoQ to TRY 9.47bn. Accordingly, the Bank's FX-adjusted net cost of risk declined by 13bps to 204bps.

Yapı Kredi maintained its 2026 guidance. The Bank expects TL loan growth of 30%+, while FX loan growth is projected to be in the low single digits. On the margin side, an improvement of over 100bps is expected in 2026.

In addition, the Bank expects fee income to grow in line with inflation, while targeting operating expense growth of 35% or below. Lastly, the cost of risk is expected to be in the range of 150-175bps.

We consider the 1Q26 results "Positive", driven by stronger-than-expected net income and improving margins. We maintain our 12-month target price of TRY 58.30, which implies a 57% upside from current levels, and reiterate our "Outperform" recommendation. Yapı Kredi Bank is trading at 3.9x 2026E P/E and 0.95x P/B, with an average ROE of 27.6%.

Rating	Outperform
Target price (TRY)	58,30
Upside	57%
Previous rating	Outperform
Previous target price (TRY)	58,30

	TRY	US\$
Close	37,06	0,82
BIST 100	14.329	319
US\$/TRY (CBT Bid Rate):	44,97	
52 Week High:	44,50	1,02
52 Week Low:	22,38	0,58
Bloomberg Ticker:	YKBNK.TI	

Number of Shares (Mn): 8.447

	(TRY Mn)	(US\$ Mn)
Current Mcap:	313.048	6.966
Free Float Mcap:	122.089	2.717
Avg. Daily Volume:	6.635	175

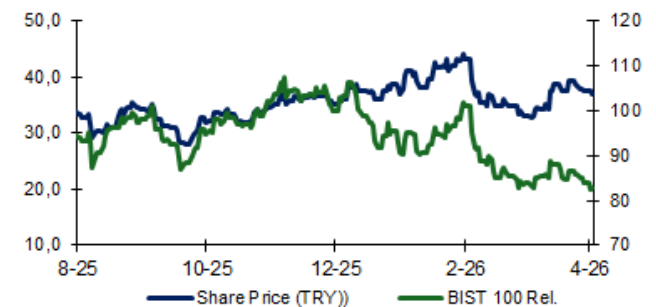
Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	20.295	17.499	16%	17.668	15%

1Q26	4Q25	1Q26	QoQ	1Q25	YoY
Net income (TRY mn)	9.280	20.295	119%	11.418	78%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	68.009	29.017	47.090	80.295	159.762
BV	178.852	192.804	255.605	331.123	470.811

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,4	8,9	6,5	3,9	2,0
P/BV (x)	0,92	1,34	1,20	0,95	0,66
ROAA	4,7%	1,4%	1,7%	2,1%	3,2%
ROAE	44,5%	15,7%	21,1%	27,6%	40,7%

Returns (%)	1 M	3M	6M	12M	Ytd
TRY Return:	11,7	-2,0	14,5	64,3	2,3
US\$ Return:	10,1	-5,5	6,7	39,8	-2,4
BIST 100 Relative:	-1,0	-8,3	-13,1	6,7	-19,6



Yapı Kredi has made a strong start to the year, supported by robust growth in net interest income and a 40bps increase in swap-adjusted net interest margin. Accordingly, the Bank's ROE improved significantly to 30.8% (4Q25: 14.9%). ROA also rose strongly from 1.7% to 2.5%, despite a broadly stable leverage ratio. On the capital side, the CET1 ratio declined by 140bps to 10.8%, while the total capital adequacy ratio decreased by 250bps to 15.6%.

Figure 1: Summary balance sheet

(Bank-only, TRYmn)	3M25	12M25	3M26	QoQ	YoY	YtD
Security portfolio	480.755	587.508	604.509	2,9%	25,7%	2,9%
Loans	1.294.680	1.716.069	1.820.389	6,1%	40,6%	6,1%
Total assets	2.543.778	3.171.616	3.402.259	7,3%	33,7%	7,3%
Deposits	1.417.713	1.783.460	1.839.732	3,2%	29,8%	3,2%
TRY deposits	852.191	1.062.851	1.075.769	1,2%	26,2%	1,2%
FC deposits	565.522	720.609	763.962	6,0%	35,1%	6,0%
Shareholder's equity	205.672	255.605	271.123	6,1%	31,8%	6,1%
Total liabilities	2.543.778	3.171.616	3.402.259	7,3%	33,7%	7,3%

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)	11.414	19.180	23.119	20,5%	102,5%	11.414	23.119	102,5%
Net fee and commission income	22.751	30.565	30.278	-0,9%	33,1%	22.751	30.278	33,1%
Dividends	3.331	4.225	4.630	9,6%	39,0%	3.331	4.630	39,0%
Net trading gain/loss	7.815	6.369	10.548	65,6%	35,0%	7.815	10.548	35,0%
Other operating income	451	1.117	768	-31,3%	70,2%	451	768	70,2%
Provisions (net)	7.439	9.030	9.469	4,9%	27,3%	7.439	9.469	27,3%
OPEX	25.080	35.664	33.817	-5,2%	34,8%	25.080	33.817	34,8%
Net operating profit before taxes	13.243	16.762	26.057	55,5%	96,8%	13.243	26.057	96,8%
Tax provision	1.825	7.481	5.762	-23,0%	215,7%	1.825	5.762	215,7%
Net profit	11.418	9.280	20.295	118,7%	77,7%	11.418	20.295	77,7%

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

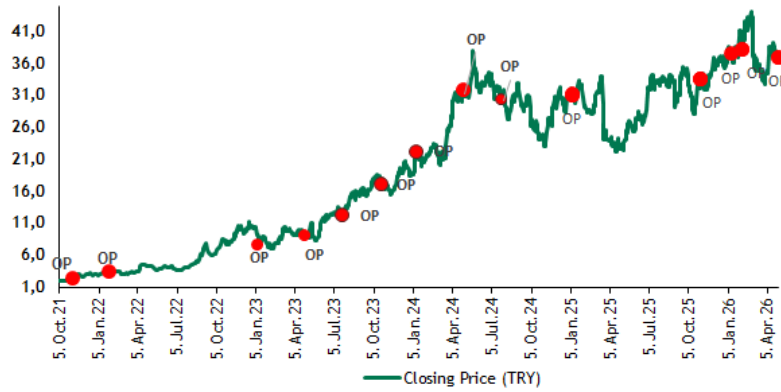
	1Q25	4Q25	1Q26	QoQ	YoY	YtD
Funding structure						
LDR	91%	96%	99%	2,7%	7,6%	2,7%
TRY LDR	101%	110%	115%	5,3%	14,0%	5,3%
FX LDR	76%	76%	76%	0,0%	-0,3%	0,0%
Demand deposits/Deposits	45%	48%	50%	2,2%	4,5%	2,2%
Time deposits/Deposits	55%	52%	50%	-2,2%	-4,5%	-2,2%
Asset quality						
NPL Ratio	3,4%	3,8%	4,1%	0,2%	0,7%	0,2%
Total CoR (Quarterly)	2,28%	2,17%	2,04%	-0,1%	-0,2%	-0,1%
Total CoR (Cumulative)	2,29%	2,01%	2,06%	0,0%	-0,2%	0,0%
Stage 1 loans/Total loans	84,2%	84,3%	84,0%	-0,3%	-0,3%	-0,3%
Stage 2 loans/Total loans	12,4%	11,9%	12,0%	0,1%	-0,4%	0,1%
Total provisions/NPL	114,3%	101,6%	97,6%	-4,1%	-16,7%	-4,1%
Capital adequacy and leverage						
CET1	12,8%	12,2%	10,8%	-1,4%	-2,0%	-1,4%
Tier I	13,9%	14,5%	12,9%	-1,6%	-1,0%	-1,6%
CAR	16,8%	18,1%	15,6%	-2,5%	-1,2%	-2,5%
Leverage	12,37	12,41	12,55	0,14	0,18	0,14
Currency breakdown						
TRY Loans/Loans	66,7%	68,1%	68,1%	0,0%	1,4%	0,0%
FX Loans /Loans	33,3%	31,9%	31,9%	0,0%	-1,4%	0,0%
TRY Deposits/Deposits	60,1%	59,6%	58,5%	-1,1%	-1,6%	-1,1%
FX Deposits/Deposits	39,9%	40,4%	41,5%	1,1%	1,6%	1,1%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	1,9%	1,2%	2,5%	1,27%	0,61%	0,61%
ROAE	22,9%	14,9%	30,8%	15,88%	7,90%	7,90%
NIM (Swap adj.)	2,1%	2,8%	3,2%	0,40%	1,10%	1,10%
Figure 4: Profitability ratios (Cumulative)	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	1,9%	1,7%	2,5%	0,78%	0,61%	0,61%
ROAE	22,9%	21,1%	30,8%	9,75%	7,90%	7,90%
NIM (Swap adj.)	2,1%	2,3%	3,2%	0,94%	1,10%	1,10%
Efficiency ratios	1Q25	4Q25	1Q26	QoQ	YoY	YtD
Cost/Assets	4,1%	4,6%	4,1%	-0,48%	0,04%	0,04%
Fees (net)/Assets	3,70%	3,94%	3,68%	-0,25%	-0,01%	-0,01%
Fees (net)/OPEX	90,7%	85,7%	89,5%	3,83%	-1,18%	-1,18%

Source: Bank financials, Seker Invest Research

Historical Recommendation and Target Prices (TRY)



Source: Seker Invest Research

Date	Recommendation	Target Price (TRY)
22. Jan. 18	Market Perform (MP)	2,88
04. May. 18	Outperform (OP)	3,38
15. May. 18	Outperform (OP)	3,16
09. Jul. 18	Outperform (OP)	3,06
09. Oct. 18	Outperform (OP)	2,11
17. Jan. 19	Outperform (OP)	1,93
04. Feb. 19	Outperform (OP)	2,19
03. May. 19	Outperform (OP)	2,45
07. Jun. 19	Outperform (OP)	2,35
02. Aug. 19	Outperform (OP)	2,90
09. Oct. 19	Outperform (OP)	2,95
14. Jan. 20	Market Perform (MP)	3,20
13. Apr. 20	Market Perform (MP)	2,24
03. May. 20	Outperform (OP)	2,60
13. Jul. 20	Outperform (OP)	2,85
27. Oct. 20	Outperform (OP)	3,05
18. Jan. 21	Outperform (OP)	3,90
30. Apr. 21	Market Perform (MP)	3,05
30. Jul. 21	Outperform (OP)	3,70
01. Nov. 21	Outperform (OP)	5,10
20. Jan. 22	Outperform (OP)	6,15
31. Oct. 22	Outperform (OP)	13,25
12. Jan. 23	Outperform (OP)	15,00
28. Apr. 23	Outperform (OP)	15,30
25. Jul. 23	Outperform (OP)	18,65
25. Oct. 23	Outperform (OP)	29,71
12. Jan. 24	Outperform (OP)	32,28
02. May. 24	Outperform (OP)	39,06
31. Jul. 24	Outperform (OP)	39,06
30. Oct. 24	Outperform (OP)	36,44
07. Jan. 25	Outperform (OP)	49,47
31. Oct. 25	Outperform (OP)	41,36
09. Jan. 26	Outperform (OP)	62,17
05. Feb. 26	Outperform (OP)	58,30
29. Apr. 26	Outperform (OP)	58,30

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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