TSKB

1Q26 Earnings review

Profitability in Line With Expectations, Weakness in Core Revenues

Mucahid Yildirim
Analyst
myildirim@sekeryatirim.com.tr
+90 (212) 334 3333 ext.150

TSKB has reported a 1Q26 unconsolidated net profit of TRY 2,860 million, in line with both our estimate and the market consensus (Şeker: TRY 2,858 million; consensus: TRY 2,862 million). The reported net income indicates a 36% QoQ increase, while declining by 8% YoY.

The main driver of the bank's profit growth was the sharp 96% QoQ decline in expected credit loss provisions; however, the contraction in net interest income and subsidiary income, along with a quarter-specific increase in operating expenses, weighed on profitability.

TSKB's net interest income declined by 22% QoQ, mainly due to the quarter-specific contraction in CPI-linked securities income. However, a 52% drop in swap costs limited the decline in swap-adjusted NII to 11%, bringing it to TRY 3.3 billion. Accordingly, the net interest margin contracted by 80 bps to 4.1%.

On the other income side, fee income posted a modest QoQ increase, while subsidiary income declined by 32% to TRY 422 million. In addition, trading income normalized following the high base in the previous quarter, falling by 59% to TRY 515 million.

On the cost side, operating expenses increased by 11% QoQ to TRY 1,088 million, driven by a quarter-specific rise in personnel expenses.

On the asset quality front, the bank's NPL ratio declined by 19 bps to 2.14%, while the coverage ratio remained broadly flat at a strong 188%. In line with the decline in expected credit loss provisions, the cost of risk (including FX impact) improved to 4 bps.

TSKB's capital adequacy ratios declined due to the increase in credit risk. Accordingly, the CET1 ratio fell to 13.7% and the total capital adequacy ratio to 18.9% (4Q25: 19.1% and 25.7%). Nevertheless, these levels remain relatively strong compared to peers.

The bank largely maintained its 2026 guidance, while indicating upside potential in its FX-adjusted loan growth outlook in its presentation. As a reminder, the bank had guided for a 4.5% net interest margin, over 50% growth in net fee and commission income, and operating expense growth above average inflation. The ROE target is maintained at 25%, while the NPL ratio is expected to be around 2.5% and the cost of risk (excluding FX impact) at 50 bps.

We maintain our **"Neutral"** rating following the 1Q26 results, as net income was in line with expectations. We reiterate our target price of TRY 20.06, which implies a 71% upside from current levels, and maintain our "**Outperform**" recommendation. The stock is trading at 2.3x 2026E P/E and 0.61x P/B, with an ROE of 28.3%.

Rating	**Outperform**
Target price (TRY)	**20,06**
Upside	**71%**
Previous rating	Outperform
Previous target price (TRY)	20,06

	TRY	US$
Close	11,75	0,26
BIST 100	14.311	318
US$/TRY (CBT Bid Rate):	44,99	
52 Week High:	14,05	0,34
52 Week Low:	9,76	0,24
Bloomberg Ticker:	TSKB.TI	

Number of Shares (Mn):	2.800

	(TRY Mn)	(US$ Mn)
Current Mcap:	32.900	732
Free Float Mcap:	12.831	285
Avg. Daily Volume:	355	175

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	2.860	2.858	0,1%	2.862	-0,1%

1Q26	4Q25	1Q26	QoQ	1Q25	YoY
Net income (TRY mn)	2.098	2.860	36%	3.095	-8%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	7.041	10.135	11.383	14.168	16.924
BV	21.412	32.479	45.651	54.268	70.463

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,6	3,4	2,9	2,3	1,9
P/BV (x)	0,86	1,05	0,72	0,61	0,47
ROAA	5,0%	4,9%	4,0%	3,7%	3,5%
ROAE	41,2%	38,1%	29,1%	28,3%	26,3%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	5,9	-11,5	-4,5	21,0	-0,3
US$ Return:	4,2	-14,7	-11,1	3,2	-5,0
BIST 100 Relative:	-6,1	-14,4	-27,5	-22,0	-21,5

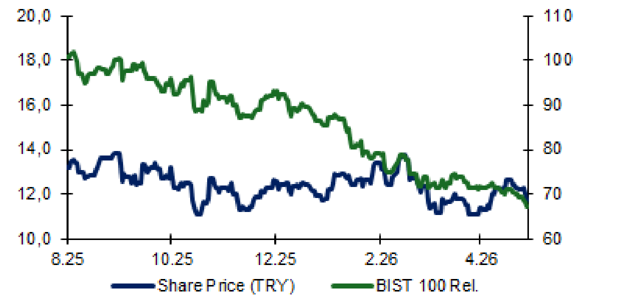


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	3M25	12M25	3M26	QoQ	YoY	YtD
Security portfolio	50.076	56.981	57.193	0,4%	14,2%	0,4%
Loans	189.780	234.731	254.854	8,6%	34,3%	8,6%
Total assets	**259.813**	**326.657**	**346.391**	**6,0%**	**33,3%**	6,0%
Banks and interbank borrowing	**217.448**	**274.591**	**293.519**	**6,9%**	**35,0%**	6,9%
TRY	13.437	3.943	16.531	319,3%	23,0%	319,3%
FC	204.010	270.649	276.988	2,3%	35,8%	2,3%
FC (in $)	5.402	6.314	6.241	-1,2%	15,5%	-1,2%
Shareholder's equity	35.150	45.651	46.371	1,6%	31,9%	1,6%
Total liabilities	**259.813**	**326.657**	**346.391**	**6,0%**	**33,3%**	**6,0%**

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	1Q25	4Q25	1Q26	QoQ	YoY	Mar.25	Mar.26	YoY
Net interest income (Swap adj)	3.129	3.747	3.325	-11,3%	6,3%	3.129	3.325	6,3%
Net fee and commission income	71	124	126	1,4%	77,5%	71	126	77,5%
Dividends	528	622	422	-32,1%	-20,0%	528	422	-20,0%
Net trading gain/loss	369	1.267	515	-59,4%	39,8%	369	515	39,8%
Other operating income (Net)	742	508	474	-6,7%	-36,1%	742	474	-36,1%
Provisions (net)	-68	2.478	29	-98,8%	-142,0%	-68	29	-142,0%
OPEX	681	978	1.088	11,3%	59,8%	681	1.088	59,8%
Net operating profit before taxes	3.940	2.744	3.748	36,6%	-4,9%	3.940	3.748	-4,9%
Tax provision	846	646	888	37,4%	5,0%	846	888	5,0%
Net profit	**3.095**	**2.098**	**2.860**	**36,3%**	**-7,6%**	**3.095**	**2.860**	**-7,6%**

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

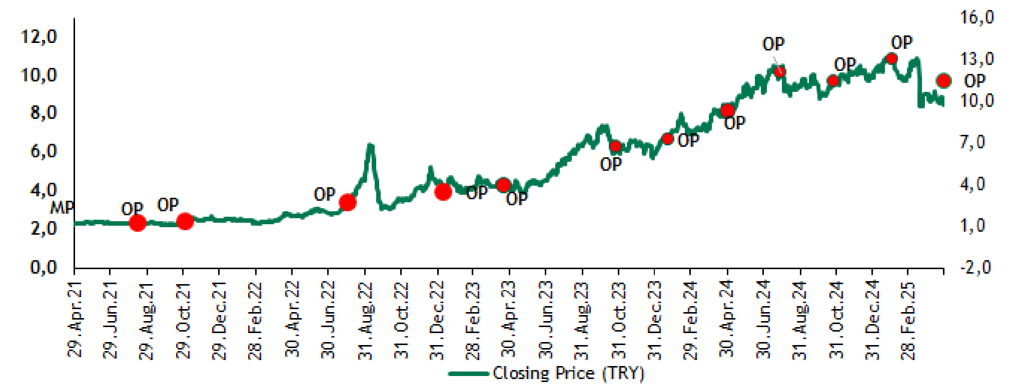
Asset quality	1Q25	4Q25	1Q26	QoQ	YoY	YtD
NPL Ratio	2,2%	2,3%	2,1%	-0,2%	0,0%	-0,2%
Total CoR (Quarterly)	-0,26%	4,34%	0,04%	-4,3%	0,3%	-4,3%
Total CoR (Cumulative)	-0,07%	0,91%	0,04%	-0,9%	0,1%	-0,9%
Stage 1 loans/Total loans	92,1%	90,6%	91,5%	0,9%	-0,6%	0,9%
Stage 2 loans/Total loans	6,2%	7,0%	6,3%	-0,7%	0,0%	-0,7%
Total provisions/NPL	245,5%	185,9%	187,5%	1,6%	-57,9%	1,6%
Capital adequacy and leverage	**1Q25**	**4Q25**	**1Q26**	**QoQ**	**YoY**	**YtD**
CET1	16,2%	19,1%	13,7%	-5,4%	-2,4%	-5,4%
Tier I	21,5%	24,6%	17,8%	-6,8%	-3,7%	-6,8%
CAR	22,6%	25,7%	18,9%	-6,8%	-3,7%	-6,8%
Leverage	7,4	7,2	7,5	0,31	0,08	31,4%
Currency breakdown	**1Q25**	**4Q25**	**1Q26**	**QoQ**	**YoY**	**YtD**
TRY Loans/Loans	6,1%	6,6%	6,3%	-0,3%	0,2%	-0,3%
FX Loans /Loans	93,9%	93,4%	93,7%	0,3%	-0,2%	0,3%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	5,0%	2,7%	3,4%	0,74%	-1,64%	0,74%
ROAE	36,6%	19,0%	24,9%	5,87%	-11,74%	5,87%
NIM (Swap adj.)	5,4%	4,9%	4,1%	-0,84%	-1,27%	-0,84%
Figure 4: Profitability ratios (Cumulative)	**1Q25**	**4Q25**	**1Q26**	**QoQ**	**YoY**	**YtD**
ROAA	5,0%	4,0%	3,4%	-0,64%	-1,64%	-0,64%
ROAE	36,6%	29,1%	24,9%	-4,26%	-11,74%	-4,26%
NIM (Swap adj.)	5,4%	5,2%	4,1%	-1,09%	-1,27%	-1,09%

Source: Bank financials, Seker Invest Research

Historical Recommendation and Target Prices (TRY)



Source: Seker Invest Research

Date	Recommendation	Target Price (TRY)
22.Jan.18	Outperform (OP)	1,41
08.Jun.18	Outperform (OP)	1,30
30.Jul.18	Market Perform (MP)	0,94
09.Oct.18	Market Perform (MP)	0,87
17.Jan.19	Market Perform (MP)	0,83
07.Jun.19	Market Perform (MP)	0,76
05.Aug.19	Outperform (OP)	1,00
09.Oct.19	Outperform (OP)	1,19
14.Jan.20	Outperform (OP)	1,50
13.Apr.20	Outperform (OP)	1,16
03.May.20	Market Perform (MP)	1,05
03.Nov.20	Underperform (UP)	1,30
18.Jan.21	Market Perform (MP)	1,51
03.May.21	Market Perform (MP)	1,35
04.Aug.21	Outperform (OP)	1,80
01.Nov.21	Outperform (OP)	1,95
20.Jan.22	Outperform (OP)	2,35
02.Aug.22	Outperform (OP)	3,15
01.Nov.22	Outperform (OP)	4,60
12.Jan.23	Outperform (OP)	5,39
31.Jul.23	Outperform (OP)	7,30
31.Oct.23	Outperform (OP)	9,55
12.Jan.24	Outperform (OP)	10,89
02.May.24	Outperform (OP)	12,13
01.Aug.24	Outperform (OP)	18,18
31.Oct.24	Outperform (OP)	18,18
07.Jan.25	Outperform (OP)	18,18
28.Oct.25	Outperform (OP)	18,86
04.Feb.26	Outperform (OP)	20,06
30.Apr.26	Outperform (OP)	20,06

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

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.	TEL:	+90 (212) 334 33 33
Buyukdere Cad. No:171 Metrocity	Fax:	+90 (212) 334 33 34
A Blok Kat 4-5 34330 SİSLİ /IST	E-mail:	research@sekeryatirim.com
TURKEY	Web:	http://www.sekeryatirim.com/english/index.aspx

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com.tr
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com.tr
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Basak Kamber	Glass, Pharmaceutical, Defense, Telcos, Cons. Dur.	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com.tr
M. Mucahid Yıldırım	Banks	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com.tr
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com.tr
O. Furkan Ozdemir	Iron & Steel, Oil- Gas & Deriv.	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com.tr

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com.tr

Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com.tr
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

DISCLAIMER

I, Mücahid Yıldırım, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by the Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.) Research Team. The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.