

Albaraka Türk

1Q26 Earnings review

Base Effect-Driven Decline in Net Profit

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Albaraka Türk has reported a unconsolidated net profit of TRY 904 million in 1Q26, in line with our estimate of TRY 886 million and the market consensus estimate of TRY 930 million. Reported net profit declined by 73.2% QoQ and 88.5% YoY. The bank's return on equity declined to 28.3%, while return on assets decreased to 1.5% in this period.

The sharp decline in net profit was mainly driven by the base effect stemming from high provision reversals recorded in the previous quarter, which had strongly supported bottom-line profitability. The normalization of elevated provision cancellations that boosted profitability in prior periods created significant pressure on net profit in this quarter.

The bank's net profit share income declined by 57.3% QoQ to TRY 3.2 billion in the first quarter of the year. The weakness in core revenues was mainly driven by the high base effect created by one-off elevated net profit share income recorded in the previous quarter due to temporary factors. Nevertheless, net profit share income increased by 190% YoY. Accordingly, the net profit share margin declined by 10 bps QoQ to 3.7%.

Net fee and commission income declined by 8.8% QoQ to TRY 1.3 billion, while recording a 27.4% increase on a yearly basis.

On the operating expenses side, total operating expenses increased by 67.3% QoQ to TRY 5.4 billion. On a yearly basis, operating expenses rose by 49.8%.

On the asset quality front, Albaraka Türk's NPL ratio increased by 14 bps QoQ to 1.84%. During the same period, the Stage 3 coverage ratio declined to 76.1%, while the Stage 2 coverage ratio stood at 11.6%. Accordingly, the net cost of risk materialized at 2.2%.

On the trading income side, net trading income declined by 79.3% QoQ to TRY 601 million, while other operating income stood at TRY 2.5 billion during the same period.

Balance sheet growth continued during the quarter. Total loans increased by 8.5% QoQ to TRY 226.4 billion, while total collected funds rose by 8.3% to TRY 301.1 billion. As a result, the bank's total assets grew by 7.2% during the same period, reaching approximately TRY 500 billion.

We evaluate the announced financial results as "Neutral", given that the net profit figure is line with expectations.

	TRY	US\$
Close	8,95	0,20
BIST 100	15.063	333
US\$/TRY (CBT Bid Rate):	45,19	
52 Week High:	10,24	0,24
52 Week Low:	6,00	0,16
Bloomberg Ticker:	ALBRK.TI	

Number of Shares (Mn): 2.500

	(TRY Mn)	(US\$ Mn)
Current Mcap:	22.375	495
Free Float Mcap:	8.503	188
Avg. Daily Volume:	180	179

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	904	886	2%	930	-2,8%

1Q26	4Q25	1Q26	QoQ	1Q25	YoY
Net income (TRY mn)	3.375	904	-73%	7.846	-88%

Returns (%)	1 M	3M	6M	12M	YTD
TRY Return:	5,7	4,5	15,6	43,8	17,3
US\$ Return:	4,2	0,6	7,7	22,8	11,3
BIST 100 Relative:	-5,0	-6,2	-16,1	-11,4	-12,3

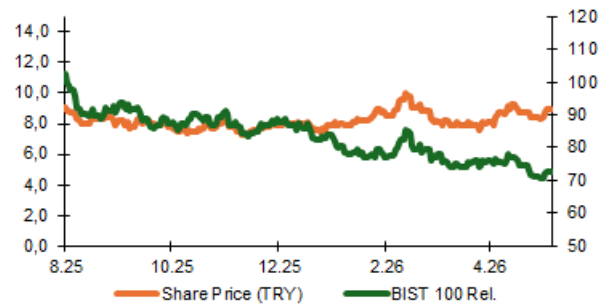


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	3M25	12M25	3M26	QoQ	YoY	YtD
Security portfolio	70.374	88.914	95.227	7,1%	35,3%	7,1%
Loans	156.330	208.684	226.380	8,5%	44,8%	8,5%
Total assets	350.657	466.389	499.977	7,2%	42,6%	7,2%
Funds Collected	214.995	278.044	301.081	8,3%	40,0%	8,3%
TRY Funds Collected	103.238	129.200	140.689	8,9%	36,3%	8,9%
FC Funds Collected	111.757	148.844	160.391	7,8%	43,5%	7,8%
Shareholder's equity	18.583	25.319	25.578	1,0%	37,6%	1,0%
Total liabilities	350.657	466.389	499.977	7,2%	42,6%	7,2%

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 Profit Share income (Swap adj)	1.102	7.484	3.198	-57,3%	190,2%	1.102	3.198	190,2%
Net fee and commission income	1.044	1.458	1.331	-8,8%	27,4%	1.044	1.331	27,4%
Dividends	0	0	0	5,4%	59,7%	0	0	59,7%
Net trading gain/loss	638	2.907	601	-79,3%	-5,9%	638	601	-5,9%
Other operating income	9.399	454	2.519	454,8%	-73,2%	9.399	2.519	-73,2%
Provisions	257	2.165	1.068	-50,7%	315,4%	257	1.068	315,4%
OPEX	3.593	3.218	5.382	67,3%	49,8%	3.593	5.382	49,8%
Net operating profit before taxes	8.002	4.199	1.107	-73,6%	-86,2%	8.002	1.107	-86,2%
Tax provision	155	824	203	-75,3%	30,8%	155	203	30,8%
Net profit	7.846	3.375	904	-73,2%	-88,5%	7.846	904	-88,5%

Source: Bank financials, Seker Invest Research

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