Yapi Kredi Bank

2Q26 Earnings review

In-Line Earnings, Margin Contraction

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Yapı Kredi posted TRY 10.7bn net income in its 2Q26 bank-only financials, in line with both our estimate and the market median. The result implies a 47.2% decline QoQ and a 5.4% decline YoY.

Net interest income rose 1.2% QoQ to TRY 54.2bn, while swap costs increased 10.5% to TRY 33.6bn. Accordingly, swap-adjusted net interest income declined 11.1% QoQ to TRY 20.6bn (+101.5% YoY), and the swap-adjusted net interest margin narrowed by 50bps to 2.7%. The contraction mainly reflects a 131bps increase in the TRY time deposit cost, against a 66bps increase in the TRY loan yield. The only supportive item was CPI-linked securities income, up 24.2% QoQ to TRY 15.6bn on valuation changes; we calculate the contribution of CPI linker income to the quarterly margin change at 31bps.

Limited growth in fee income. Yapı Kredi's net fee and commission income rose 3.2% QoQ and 16.7% YoY to TRY 31.3bn. Operating expenses increased 5.4% QoQ (+34.3% YoY); within the breakdown, personnel expenses declined 0.7% while non-personnel expenses rose 8.9%. Accordingly, the bank's fee-to-opex coverage ratio declined to 87.7% from 89.5%.

Asset quality deteriorated moderately. The NPL ratio rose to 4.33% from 4.06%. Accordingly, the quarterly net cost of risk rose to 250bps.

Yapı Kredi left its 2026 year-end guidance unchanged: TRY loan growth (30%), FX loan growth (low single digits), swap-adjusted NIM improvement of ≥100bps, net fee growth (in line with inflation) and operating expense growth (≤35%) were all reiterated. The bank did, however, flag risk to its net cost of risk guidance (150-175bps). The average ROE guidance was maintained at the mid-to-high 20s, against a 1H26 print of 23.4%.

We view the 2Q26 financials as "**Neutral**", given the in-line print. **We revise our 2026 year-end ROE forecast to 25.1% and our 12-month target price to TRY 51.10 from TRY 58.30.** Our target price implies 65% upside from current levels, and we maintain our "OUTPERFORM" recommendation. The shares trade at 3.6x 2026E P/E and 0.80x P/BV, with an average ROE of 25.1%.

Rating	**Outperform**
Target price (TRY)	**51,10**
Upside	**65%**
Previous rating	Outperform
Previous target price (TRY)	58,30

	TRY	US$
Close	31,00	0,66
BIST 100	13.293	281
US$/TRY (CBT Bid Rate):	47,33	
52 Week High:	44,50	1,02
52 Week Low:	27,14	0,65
Bloomberg Ticker:	YKBNK.TI	

Number of Shares (Mn):	8.447

	(TRY Mn)	(US$ Mn)
Current Mcap:	261.859	5.535,2
Free Float Mcap:	102.125	2.158,7
Avg. Daily Volume:	6.854	190,9

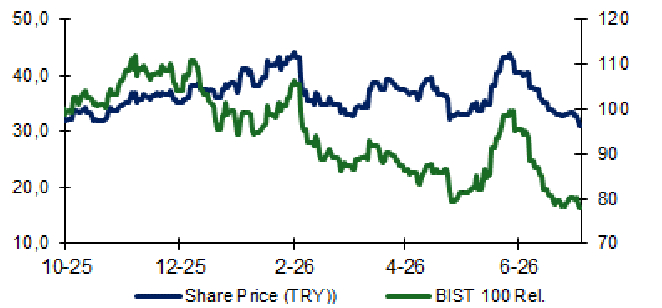
Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	10.715	10.764	-0,5%	10.782	-1%

2Q26	1Q26	2Q26	QoQ	2Q26	YoY
Net income (TRY mn)	20.295	10.715	-47%	11.330	-5%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	68.009	29.017	47.090	72.255	116.376
BV	178.852	192.804	255.605	327.733	429.658

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	2,4	8,9	6,5	3,6	2,3
P/BV (x)	0,92	1,34	1,20	0,80	0,61
ROAA	4,7%	1,4%	1,7%	1,9%	2,4%
ROAE	44,5%	15,7%	21,1%	25,1%	31,3%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	-22,8	-16,3	-24,5	-7,6	-14,4
US$ Return:	-24,0	-20,4	-30,9	-20,9	-22,5
BIST 100 Relative:	-18,0	-9,1	-21,4	-26,2	-27,5



On the balance sheet side, growth was driven by deposits, while capital ratios were mixed. TRY loans grew 8.3% QoQ, while FX loans contracted 0.4% in USD terms. On the funding side, total deposits increased 7.9% QoQ; TRY deposits rose 13.6%, while FC deposits declined 4.8% in USD terms. The 15.1% increase in the TRY time deposit base was the main driver behind the rise in deposit costs during the quarter. Shareholder's equity rose 5.7% QoQ to TRY 286.5bn, while quarterly ROE declined to 15.4% from 30.8% (cumulative: 22.9%). The CET1 ratio declined to 10.52% from 10.81%, while the Tier I ratio rose to 13.48% from 12.89% and the capital adequacy ratio improved to 16.12% from 15.60%.

Figure 1: Summary balance sheet

(Bank-only, TRYmn)	6M25	3M26	6M26	QoQ	YoY	YtD
Security portfolio	530.187	604.509	602.942	-0,3%	13,7%	2,6%
Loans	1.453.943	1.820.389	1.950.247	7,1%	34,1%	13,6%
Total assets	**2.806.307**	**3.402.259**	**3.572.390**	**5,0%**	**27,3%**	12,6%
Deposits	**1.530.494**	**1.839.732**	**1.985.905**	**7,9%**	**29,8%**	**11,4%**
TRY deposits	931.069	1.075.769	1.222.515	13,6%	31,3%	15,0%
FC deposits	599.425	763.962	763.390	-0,1%	27,4%	5,9%
Shareholder's equity	221.692	271.123	286.488	5,7%	29,2%	12,1%
Total liabilities	**2.806.307**	**3.402.259**	**3.572.390**	**5,0%**	**27,3%**	**12,6%**

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	2Q25	1Q26	2Q26	QoQ	YoY	Jun.25	Jun.26	YoY
Net interest income (Swap adj)	10.197	23.119	20.551	-11,1%	101,5%	21.611	43.670	102,1%
Net fee and commission income	26.786	30.278	31.252	3,2%	16,7%	49.537	61.530	24,2%
Dividends	3.822	4.630	5.292	14,3%	38,5%	7.153	9.922	38,7%
Net trading gain/loss	5.062	10.548	5.167	-51,0%	2,1%	12.877	15.715	22,0%
Other operating income	334	768	2.348	206,0%	603,0%	785	3.116	296,9%
Provisions (net)	7.361	9.469	15.803	66,9%	114,7%	14.801	25.272	70,8%
OPEX	26.556	33.817	35.654	5,4%	34,3%	51.636	69.471	34,5%
Net operating profit before taxes	12.284	26.057	13.153	-49,5%	7,1%	25.527	39.210	53,6%
Tax provision	954	5.762	2.438	-57,7%	155,5%	2.779	8.200	195,1%
Net profit	**11.330**	**20.295**	**10.715**	**-47,2%**	**-5,4%**	**22.748**	**31.010**	**36,3%**

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

Funding structure	2Q25	1Q26	2Q26	QoQ	YoY	YtD
LDR	95%	99%	98%	-0,7%	3,2%	2,0%
TRY LDR	104%	115%	110%	-5,4%	5,8%	0,0%
FX LDR	81%	76%	79%	3,5%	-1,4%	3,5%
Demand deposits/Deposits	48%	50%	47%	-3,2%	-1,5%	-1,0%
Time deposits/Deposits	52%	50%	53%	3,2%	1,5%	1,0%
Asset quality	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
NPL Ratio	3,4%	4,1%	4,3%	0,3%	0,9%	0,5%
Total CoR (Quarterly)	2,06%	2,04%	-2,50%	-4,5%	-4,6%	-4,7%
Total CoR (Cumulative)	2,16%	2,06%	-0,31%	-2,4%	-2,5%	-2,3%
Stage 1 loans/Total loans	82,9%	84,0%	83,6%	-0,3%	0,7%	-0,7%
Stage 2 loans/Total loans	13,7%	12,0%	12,1%	0,1%	-1,6%	0,2%
Total provisions/NPL	108,9%	97,6%	94,6%	-3,0%	-14,3%	-7,0%
Capital adequacy and leverage	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
CET1	12,1%	10,8%	10,5%	-0,3%	-1,6%	-1,7%
Tier I	13,2%	12,9%	13,5%	0,6%	0,3%	-1,1%
CAR	15,7%	15,6%	16,1%	0,5%	0,4%	-2,0%
Leverage	12,66	12,55	12,47	- 0,08	- 0,19	6,1%
Currency breakdown	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
TRY Loans/Loans	66,6%	68,1%	68,9%	0,8%	2,2%	0,8%
FX Loans /Loans	33,4%	31,9%	31,1%	-0,8%	-2,2%	-0,8%
TRY Deposits/Deposits	60,8%	58,5%	61,6%	3,1%	0,7%	2,0%
FX Deposits/Deposits	39,2%	41,5%	38,4%	-3,1%	-0,7%	-2,0%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	2Q25	1Q26	2Q26	QoQ	YoY	YtD
ROAA	1,7%	2,5%	1,2%	-1,24%	-0,47%	0,03%
ROAE	21,2%	30,8%	15,4%	-15,45%	-5,84%	0,43%
NIM (Swap adj.)	1,7%	3,2%	2,7%	-0,50%	0,97%	-0,10%
Figure 4: Profitability ratios (Cumulative)	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
ROAA	1,8%	2,5%	1,8%	-0,64%	0,07%	0,15%
ROAE	22,0%	30,8%	22,9%	-7,94%	0,87%	1,80%
NIM (Swap adj.)	1,9%	3,2%	3,0%	-0,25%	1,05%	0,69%
Efficiency ratios	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
Cost/Assets	4,0%	4,1%	4,1%	-0,03%	0,12%	-0,50%
Fees (net)/Assets	4,01%	3,68%	3,58%	-0,10%	-0,42%	-0,35%
Fees (net)/OPEX	100,9%	89,5%	87,7%	-1,88%	-13,21%	1,95%

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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