Şeker Invest

VakıfBank

2Q26 Earnings Review

Earnings beat driven by one-offs; margin pressure persists

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VakıfBank posted a net profit of TRY 15,077mn in its 2Q26 bank-only financials (+0.3% QoQ, +50.3% YoY). The reported figure came in 5.8% above the market median estimate of TRY 14,253mn and 5.9% above our TRY 14,232mn forecast. The deviation was mainly driven by the effective tax rate, which materialized at 19.9% against our 27% assumption. During the quarter, the entire TRY 8,000mn of free provisions set aside in prior years was released and booked through income. Quarterly average ROE declined to 17.6% from 18.4%.

Margin pressure became more pronounced. Net interest income fell 7.4% QoQ to TRY 49,852mn, while swap costs rose 38.8% to TRY 7,451mn. Swap-adjusted net interest income declined 12.5% QoQ to TRY 42,401mn. Accordingly, the bank's swap-adjusted net interest margin narrowed to 3.18% from 3.80%.

The contraction stemmed from TL deposit costs. The cost of TL time deposits rose 202bps to 38.9%, while the TL loan yield remained broadly flat at 35.1%, up only 9bps.

A reserve of unrecognized interest income remains on the CPI-linker side. Income from CPI-indexed securities rose 4.3% QoQ to TRY 17,100mn, with the bank maintaining its valuation assumption at 20.9%, against the October-to-October rate of 29% widely used across the sector. The gap corresponds to roughly TRY 13.0bn of unrecognized interest income as of 1H26, equivalent to around 43% of the bank's 1H26 net profit. This conservatism stands out as the main upside risk to our 2H26 estimates.

Fee performance was the strongest aspect of the quarter. Net fees and commissions posted a solid 15.6% QoQ increase, with growth reaching 27.5% YoY in 1H26. The fee-to-opex coverage ratio edged up to 51%. The annual base in costs is elevated. Operating expenses rose 12.5% QoQ to TRY 43,829mn, while the 1H26 increase came in at a rather high 57.4%.

Gradual deterioration in asset quality continues. The NPL ratio rose to 3.35% from 3.12%. New NPL inflows of TRY 21,570mn during the quarter were partly offset by TRY 7,035mn of collections. Net cost of risk declined to 128bps from 155bps (141bps cumulative).

While the reported profit came in 5.9% above our forecast, the bulk of the deviation stemmed from the low effective tax rate. On the other hand, the conservative CPI assumption positions the bank favorably relative to peers over the remainder of the year. We therefore assess the results as "**Neutral**". Following our revisions, we lower our 12-month target price to TRY 46.39 from TRY 52.79 while maintaining our "**OUTPERFORM**" recommendation. Our target price implies 51% upside potential from current levels. VakıfBank trades at 3.2x 2026E P/E and 0.72x P/BV, with an average ROE of 26.3%.

Rating	**Outperform**
Target price (TRY)	**46.39**
Upside	**51%**
Previous rating	Outperform
Previous target price (TRY)	52.79

	TRY	US$
Close	30.74	0.65
BIST 100	13,779	290
US$/TRY (CBT Bid Rate):	47.52	
52 Week High:	43.06	0.98
52 Week Low:	21.38	0.51
Bloomberg Ticker:	VAKBN.TI	

Number of Shares (Mn):	9,916

	(TRY Mn)	(US$ Mn)
Current Mcap:	304,815	6,416
Free Float Mcap:	18,289	385
Avg. Daily Volume:	1,415	32

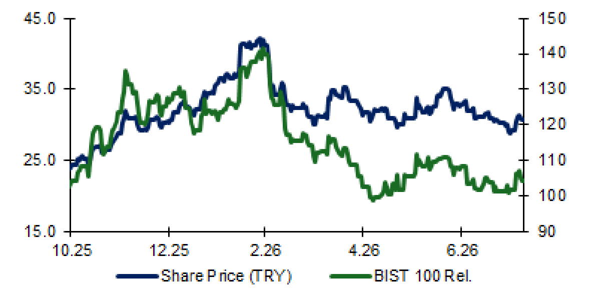
Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	15,077	14,232	5.9%	14,253	5.8%

2Q26	1Q26	2Q26	QoQ	2Q25	YoY
Net income (TRY mn)	15,031	15,077	0%	10,029	50%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	25,046	40,375	70,050	95,062	132,127
BV	171,428	219,194	322,381	422,563	540,741

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	5.1	5.7	4.3	3.2	2.3
P/BV (x)	0.74	1.05	0.94	0.72	0.56
ROAA	1.1%	1.2%	1.5%	1.6%	1.7%
ROAE	16.6%	20.9%	27.3%	26.3%	28.1%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	-5.2	-4.1	-15.7	5.7	0.2
US$ Return:	-6.8	-8.9	-22.9	-9.7	-9.6
BIST 100 Relative:	-0.3	4.7	-17.3	-16.0	-18.1



Management has revised its 2026 guidance downwards. The bank maintains its targets of mid-20s TL loan growth, single-digit FX loan growth in USD terms, 40% fee income growth and operating expense growth above inflation. On the other hand, the swap-adjusted net interest margin target was lowered to 4.1% from 4.5%; the revised guidance implies 70bps of annual margin improvement instead of 110bps. Management also noted mild upside risk to its NPL ratio (3.5%) and net cost of risk (150bps) targets. Margin recovery is expected to accelerate in the second half of the year, supported by CPI-linker valuation and CBRT rate cuts.

Figure 1: Summary balance sheet

(Bank-only, TRYmn)	6M25	3M26	6M26	QoQ	YoY	YtD
Security portfolio	1,072,498	1,217,143	1,296,347	6.5%	20.9%	8.1%
Loans	2,419,687	3,074,507	3,277,139	6.6%	35.4%	12.5%
Total assets	**4,555,224**	**5,550,110**	**5,810,756**	**4.7%**	**27.6%**	**7.8%**
Deposits	**2,924,559**	**3,404,007**	**3,566,974**	**4.8%**	**22.0%**	**3.4%**
TRY deposits	2,093,979	2,337,202	2,559,352	9.5%	22.2%	4.9%
FC deposits	830,579	1,066,805	1,007,622	-5.5%	21.3%	-0.2%
Shareholder's equity	246,456	331,455	353,008	6.5%	43.2%	9.5%
Total liabilities	**4,555,224**	**5,550,110**	**5,810,756**	**4.7%**	**27.6%**	**7.8%**

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)	29,228	48,481	42,401	-12.5%	45.1%	46,666	90,882	94.8%
Net fee and commission income	17,346	19,338	22,362	15.6%	28.9%	32,716	41,700	27.5%
Dividends	0	386	596	n.m.	n.m.	0	982	n.m.
Net trading gain/loss	2,947	2,168	-2,088	-196.3%	-170.8%	12,503	80	-99.4%
Other operating income	2,073	1,805	10,256	468.3%	394.7%	14,320	12,061	-15.8%
Provisions (net)	9,430	12,474	10,931	-12.4%	15.9%	16,720	23,405	40.0%
OPEX	28,216	38,975	43,829	12.5%	55.3%	52,597	82,804	57.4%
Other (net)	514	66	48	n.m.	n.m.	516	114	n.m.
Net operating profit before taxes	14,462	20,793	18,817	-9.5%	30.1%	37,405	39,610	5.9%
Tax provision	4,433	5,762	3,740	-35.1%	-15.6%	7,342	9,502	29.4%
Net profit	**10,029**	**15,031**	**15,077**	**0.3%**	**50.3%**	**30,063**	**30,108**	**0.1%**

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

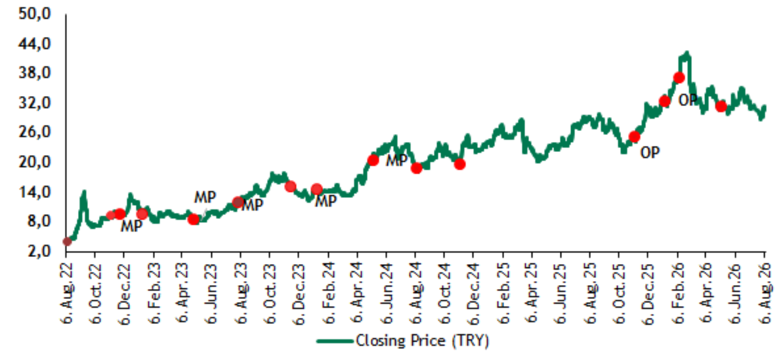
Funding structure	2Q25	1Q26	2Q26	QoQ	YoY	YtD
LDR	82.74%	90.32%	91.87%	1.55%	9.14%	7.43%
TRY LDR	71.58%	81.45%	80.54%	-0.91%	8.96%	5.69%
FX LDR	110.87%	109.75%	120.66%	10.92%	9.79%	13.05%
Demand deposits/Deposits	30.06%	32.83%	31.69%	-1.13%	1.63%	-1.01%
Time deposits/Deposits	69.94%	67.17%	68.31%	1.13%	-1.63%	1.01%
Asset quality	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
NPL Ratio	2.50%	3.12%	3.35%	0.23%	0.85%	0.45%
Total CoR (Quarterly)	1.51%	1.55%	1.28%	-0.27%	-0.23%	0.63%
Total CoR (Cumulative)	1.41%	1.55%	1.41%	-0.15%	0.00%	0.18%
Stage 1 loans/Total loans	88.63%	87.01%	86.30%	-0.71%	-2.33%	-2.08%
Stage 2 loans/Total loans	8.87%	9.87%	10.35%	0.48%	1.48%	1.63%
Total provisions/NPL	133.04%	112.43%	107.95%	-4.49%	-25.10%	-6.51%
Capital adequacy and leverage	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
CET1	10.03%	9.41%	9.48%	0.07%	-0.55%	-1.94%
Tier I	12.43%	11.93%	11.96%	0.03%	-0.47%	-2.44%
CAR	14.84%	14.05%	14.07%	0.03%	-0.77%	-2.64%
Leverage	18.48	16.74	16.46	(0.28)	(2.02)	(0.25)
Currency breakdown	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
TRY Loans/Loans	61.94%	61.92%	62.90%	0.98%	0.96%	0.22%
FX Loans /Loans	38.06%	38.08%	37.10%	-0.98%	-0.96%	-0.22%
TRY Deposits/Deposits	71.60%	68.66%	71.75%	3.09%	0.15%	1.03%
FX Deposits/Deposits	28.40%	31.34%	28.25%	-3.09%	-0.15%	-1.03%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	2Q25	1Q26	2Q26	QoQ	YoY	YtD
ROAA	0.92%	1.10%	1.06%	-0.04%	0.14%	-1.10%
ROAE	16.74%	18.39%	17.62%	-0.77%	0.89%	-20.73%
NIM (Swap adj.)	2.94%	3.80%	3.18%	-0.62%	0.23%	-1.82%
Figure 5: Profitability ratios (Cumulative)	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
ROAA	1.41%	1.10%	1.08%	-0.02%	-0.33%	-0.43%
ROAE	25.82%	18.39%	17.94%	-0.45%	-7.88%	-9.32%
NIM (Swap adj.)	2.47%	3.80%	3.48%	-0.32%	1.01%	0.18%
Efficiency ratios	**2Q25**	**1Q26**	**2Q26**	**QoQ**	**YoY**	**YtD**
Cost/Assets	2.58%	2.85%	3.09%	0.24%	0.51%	0.24%
Fees (net)/Assets	1.59%	1.41%	1.57%	0.16%	-0.01%	0.16%
Fees (net)/OPEX	61.47%	49.62%	51.02%	1.41%	-10.45%	1.41%

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)	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
07.May.26	Outperform (OP)	52,79

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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