Türkiye Sigorta

3Q26 Earnings review

Provisions and weak underwriting

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Türkiye Sigorta reported a solo net loss of TRY 5.48bn in 3Q26 due to provisions on its investment portfolio. 9M26 net profit fell 44% YoY to TRY 7.97bn. Excluding the TRY 10.94bn after-tax impact of the provisions, 3Q26 net profit would have been TRY 5.46bn, 6% below our forecast (Seker: TRY 5.8bn; consensus: TRY 6.57bn).

Following the SEDDK inspection, Türkiye Sigorta booked TRY 15.63bn of additional gross provisions, bringing the total provision stock to TRY 16.34bn. Of this, TRY 8.96bn is a doubtful receivable provision for securities held in custody at a brokerage firm and not returned at maturity, and TRY 7.38bn is impairment on defaulted or group-risk corporate debt instruments. A TRY 3.84bn net deferred tax asset was recognized.

Gross written premiums rose 24% YoY to TRY 40.34bn, led by health (+65%), general losses (+48%) and fire and natural disasters (+26%), while MTPL premiums fell 9% and motor own damage grew only 3%. The ceded premium ratio rose to 47.8% (3Q25: 44.9%). Premiums written through related-party banks rose 37% YoY to TRY 59.0bn in 9M26.

The combined ratio came in at 98.2%, well above our 93.8% forecast (2Q26: 86.7%; 3Q25: 98.0%), and stood at 91.8% in 9M26. Net earned premiums were flat QoQ while net claims rose 16%, lifting the loss ratio to 74.2% (expense ratio: 24.0%). Excluding investment income transfers, the technical result fell to TRY 0.54bn (2Q26: TRY 2.90bn).

Investment income excluding impairment rose 6% QoQ to TRY 8.72bn, but the net investment portfolio shrank 12% to TRY 77.5bn. Shareholders' equity declined to TRY 55.78bn (2Q26: TRY 61.06bn). As a result, our calculated solvency ratio fell to 177% (2Q26: ~213%), still above the 135% dividend threshold.

With a smaller portfolio and higher combined ratio assumptions (4Q26: 96%; 2027E: 94%), we cut our 2026E net profit forecast from TRY 25.7bn to TRY 12.6bn and our 2027E forecast from TRY 29.4bn to TRY 23.0bn. **Reflecting these revisions and the higher risk perception after recent developments in our cost of equity, we lower our 12-month target price from TRY 9.20 to TRY 6.55. We maintain our Outperform rating with 85% upside potential.**

Rating	**Outperform**
Target price (TRY)	**6.55**
Upside	**85%**
Previous rating	Outperform
Previous target price (TRY)	9.20

	TRY	US$
Close	3.55	0.07
BIST 100	11,478	230
US$/TRY (CBT Bid Rate):	49.94	
52 Week High:	7.31	0.16
52 Week Low:	3.02	0.06
Bloomberg Ticker:	TURSG.TI	

Number of Shares (Mn):	20,000

	(TRY Mn)	(US$ Mn)
Current Mcap:	71,000	1,423
Free Float Mcap:	17,040	341
Avg. Daily Volume:	603	13

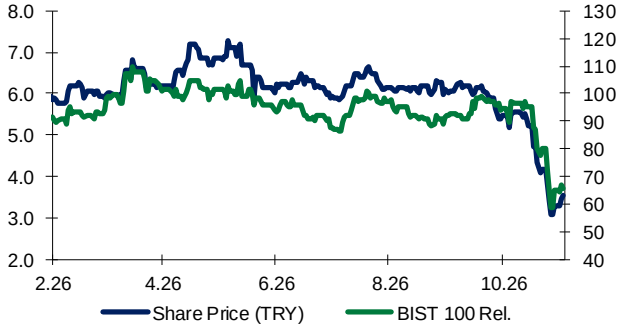
Expectations (TRY mn)	Actual	Şeker	Diff.	Cons.	Diff.
Net income	-5,479	5,794	-194.6%	6,574	-183.3%

3Q26	2Q26	3Q26	QoQ	3Q25	YoY
Net income (TRY mn)	7,021	-5,479	-178%	5,010	-209%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	6,155	12,720	19,425	12,617	22,992
BV	15,426	28,723	51,605	60,429	81,529

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	7.7	7.2	3.7	5.6	3.1
P/BV (x)	3.05	3.19	1.38	1.17	0.87
ROAA	11.7%	14.6%	15.3%	6.9%	9.3%
ROAE	56.4%	57.6%	48.4%	22.5%	32.4%

Returns (%)	1 M	3M	6M	12M	YtD
TRY Return:	-35.0	-41.8	-48.1	-44.9	-38.4
US$ Return:	-36.2	-44.7	-53.2	-53.6	-47.1
BIST 100 Relative:	-30.5	-30.6	-35.0	-47.6	-39.6



We believe that at 1.3x P/BV the stock prices in risk beyond the direct impact of the provisions. The 91.8% combined ratio and 28% YoY premium growth in 9M26 show that the insurance business remains strong. However, the weaker technical results in 3Q26 indicate that the earnings decline was not driven by provisions alone, which is why we have taken a more cautious view on our 4Q26 and 2027 combined ratio forecasts. In the near term, the outcome of the additional inspection of a finding outside financial investments will be the key driver of the share price. In its October 30, 2026 KAP disclosure, the company stated that the potential after-tax impact could be about ±1% of total assets; no provision related to this finding is included in the 3Q26 financials. Clarity on this process and the governance steps the company takes remain important.

Figure 1: Summary balance sheet

(Solo, TRY mn)	3Q25	4Q25	2Q26	3Q26	QoQ	YoY	YtD
Cash and equivalents	13,513	11,163	12,918	16,364	26.7%	21.1%	46.6%
Financial assets	83,677	86,507	98,173	87,664	-10.7%	4.8%	1.3%
Receivables from main operations	33,622	31,482	51,944	46,501	-10.5%	38.3%	47.7%
Tangible and intangible assets	2,151	2,787	2,777	2,743	-1.2%	27.5%	-1.6%
Other assets	19,432	25,037	27,517	31,252	13.6%	60.8%	24.8%
Total assets	**152,395**	**156,976**	**193,330**	**184,524**	**-4.6%**	**21.1%**	**17.5%**
Financial borrowings	16,639	11,109	15,750	18,983	20.5%	14.1%	70.9%
Payables from main operations	20,002	12,673	23,376	18,979	-18.8%	-5.1%	49.8%
Technical provisions	61,953	66,608	73,307	75,688	3.2%	22.2%	13.6%
Other liabilities	12,200	14,981	19,839	15,090	-23.9%	23.7%	0.7%
Shareholders' equity	41,602	51,605	61,056	55,784	-8.6%	34.1%	8.1%
Total liabilities and equity	**152,395**	**156,976**	**193,330**	**184,524**	**-4.6%**	**21.1%**	**17.5%**
Net investment portfolio*	**75,613**	**80,818**	**88,353**	**77,501**	**-12.3%**	**2.5%**	**-4.1%**

*Source: Company financials, Seker Invest Research *Financial assets + banks – financial borrowings*

Figure 2: Summary income statement

(Solo, TRY mn)	3Q25	2Q26	3Q26	QoQ	YoY	9M25	9M26	YoY
Gross written premiums	32,456	40,407	40,344	-0.2%	24.3%	105,135	134,557	28.0%
Premiums ceded to reinsurers	-14,568	-19,835	-19,303	-2.7%	32.5%	-53,156	-70,014	31.7%
Net earned premiums	15,673	20,909	20,956	0.2%	33.7%	43,333	60,205	38.9%
Net claims incurred	-11,329	-13,417	-15,545	15.9%	37.2%	-31,813	-41,257	29.7%
Operating expenses	-4,037	-4,702	-5,032	7.0%	24.7%	-10,520	-13,992	33.0%
Investment income transferred to technical	4,675	6,656	1,646	-75.3%	-64.8%	15,484	13,203	-14.7%
Technical profit	**5,277**	**9,560**	**2,186**	**-77.1%**	**-58.6%**	**17,659**	**18,637**	**5.5%**
Investment income (excl. impairment)	7,283	8,253	8,719	5.7%	19.7%	20,142	23,194	15.2%
Impairment on investments	-	-	-7,326	n.m.	n.m.	-	-7,326	n.m.
(-) Transferred to technical	-4,675	-6,656	-1,646	-75.3%	-64.8%	-15,484	-13,203	-14.7%
Other (incl. provisions, deferred tax)	-548	-920	-5,025	446.2%	816.5%	-2,872	-7,197	150.6%
Profit before tax	7,337	10,236	-3,092	n.m.	n.m.	19,445	14,104	-27.5%
Tax	-2,327	-3,215	-2,386	-25.8%	2.5%	-5,101	-6,132	20.2%
Net profit	**5,010**	**7,021**	**-5,479**	**n.m.**	**n.m.**	**14,344**	**7,972**	**-44.4%**

Source: Company financials, Seker Invest Research

Figure 3: Provisions, capital and valuation impact

(TRY mn)		Amount	Source
Provision stock (Sep 30, 2026)			
Doubtful receivable: securities not returned at maturity	-	8,963	Note 12
transferred from AFS portfolio		8,661	Note 11
transferred from HTM portfolio		302	Note 11
Impairment on securities	-	7,376	Note 11
available-for-sale		3,658	
held-for-trading		3,426	
held-to-maturity		292	
Total provision stock	**-**	**16,340**	**Balance sheet**
P&L impact (3Q26)			
Impairment losses on investments		-7,326	Income statement
Doubtful receivable provision expense (total)		-9,238	Note 47
Deferred tax income		5,256	Income statement
Company disclosure: additional provision, gross / after tax		15.63 / 10.94bn	KAP, Oct 30, 2026
Equity and capital	**2Q26**	**3Q26**	
Shareholders' equity	61,056	55,784	Balance sheet
Net deferred tax asset	-566 (4Q25)	3,837	Note 21
Required capital		31,654	Note 4.2
Capital surplus		24,254	Note 4.2
Solvency ratio	~213%	177%	Seker Invest calculation
Valuation (Seker Invest estimate)	**Previous**	**Current**	
Fair value of equity, as of Jun 30, 2026 (TRY mn)	141,872	89,710	Seker Invest
Fair value per share, Jun 30, 2026 (TRY)	7.09	4.49	Seker Invest
Direct impact of net provision per share (TRY)		-0.55	Seker Invest
12M target price (TRY)	**9.20**	**6.55**	**Seker Invest**

Source: Company financials and KAP disclosure (Oct 30, 2026), Seker Invest Research

Figure 4: Technical ratios

	3Q25	2Q26	3Q26	QoQ	YoY	9M25	9M26	YoY
Ceded premium ratio	44.9%	49.1%	47.8%	-1.2pp	+3.0pp	50.6%	52.0%	+1.5pp
Loss ratio (net)	72.3%	64.2%	74.2%	+10.0pp	+1.9pp	73.4%	68.5%	-4.9pp
Expense ratio (net)	25.8%	22.5%	24.0%	+1.5pp	-1.7pp	24.3%	23.2%	-1.0pp
Combined ratio	**98.0%**	**86.7%**	**98.2%**	**+11.5pp**	**+0.2pp**	**97.7%**	**91.8%**	**-5.9pp**
Equity / assets	27.3%	31.6%	30.2%	-1.4pp	+2.9pp			

Source: Company financials, Seker Invest Research

Figure 5: Estimate revisions

(Solo, TRY mn)	2026E old	2026E new	Change	2027E old	2027E new	Change
Gross written premiums	191,354	189,344	-1.1%	252,156	249,507	-1.1%
Net earned premiums	78,573	82,166	4.6%	104,598	102,511	-2.0%
Technical profit	31,013	24,402	-21.3%	35,660	28,915	-18.9%
Gross investment income	30,463	22,092	-27.5%	37,164	29,058	-21.8%
Net profit	**25,685**	**12,617**	**-50.9%**	**29,434**	**22,992**	**-21.9%**
Investment portfolio	120,021	95,549	-20.4%	165,114	135,866	-17.7%
Shareholders' equity	73,290	60,429	-17.5%	98,872	81,529	-17.5%
Combined ratio	91.1%	92.9%	+1.8pp	93.0%	94.0%	+1.0pp
Portfolio yield	30.3%	25.1%	-5.3pp	26.1%	25.1%	-1.0pp
ROAE	41.1%	22.5%	-18.6pp	34.2%	32.4%	-1.8pp
Solvency ratio	225.3%	187.8%	-37.6pp	230.7%	192.3%	-38.4pp
EPS (TRY)	1.28	0.63	-50.9%	1.47	1.15	-21.9%

Source: Seker Invest Research estimates

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