# VakıfBank

## 3Q26 Earnings review

## Earnings beat, capital buffer narrowing

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**VakıfBank posted a bank-only net income of TRY 15.43 bn in 3Q26. Net income rose 2.4% QoQ and 29.8% YoY, beating the market expectation (TRY 14.44 bn) by 6.9% and our estimate (TRY 14.30 bn) by 7.9%. 9M26 net income came in at TRY 45.54 bn, up 8.5% YoY.**

**CPI-linker income lifted the margin.** Net interest income including swaps rose 31.1% QoQ to TRY 55.59 bn. The bank raised the October-to-October inflation assumption used to value its CPI-linked securities from 20.9% to 26.6%, and CPI-linker income rose from TRY 17.10 bn to TRY 32.30 bn. The swap-adjusted NIM improved from 3.18% to 3.92%. With October inflation realized at 29.8%, the bank expects roughly TRY 10.5 bn of additional CPI-linker income in 4Q26.

**Strong fees, slower opex growth.** Net fees and commissions grew 17.5% QoQ and 27.5% YoY to TRY 26.27 bn. Operating expenses fell 9.0% QoQ to TRY 39.89 bn, bringing 9M26 opex growth to 47.3% YoY. Other operating income dropped to TRY 1.74 bn (2Q26: TRY 10.66 bn), as the TRY 8 bn free provision reversal booked in 2Q26 did not recur.

**Marked deterioration in asset quality.** New NPL inflows of TRY 45 bn in the quarter pushed the NPL ratio from 3.35% to 4.08%. Net provisions doubled QoQ to TRY 22.55 bn, putting net cost of risk at 253 bps in 3Q26 and 192 bps in 9M26. Total coverage fell from 108% to 96%.

**Strong growth, narrowing capital buffer**. Loans rose 8.7% QoQ and 22.4% YtD to TRY 3.56 tn. Deposits grew 12.8% QoQ to TRY 4.02 tn, and with TL deposits up 13.4%, the loan-to-deposit ratio fell to 88.6%. Fast growth weighed on capital: the CET1 ratio declined from 9.48% to 9.05% and the CAR to 13.60%. The regulatory minimum CET1 ratio including buffers is 7.03%.

With the move to the residual income model, we forecast net income of TRY 75.91 bn in 2026 (ROAE 21.7%) and TRY 99.82 bn in 2027 (22.9%). In our model, a higher cost of risk (2027: 1.75%) and a CET1 ratio hovering around 9% constrain growth and dividend capacity. As with Akbank, Garanti BBVA, TSKB, Yapı Kredi and İşbank, we have moved our VakıfBank valuation to the residual income (RI) model. **Following our revisions to estimates and our beta assumption, our 12-month target price moves from TRY 46.39 to TRY 43.04, and we maintain our Outperform rating with 35% upside.** The stock trades at 4.2x 2026E P/E and 0.81x P/BV.

| | |
|---|---|
| **Rating** | **Outperform** |
| **Target price (TRY)** | **43.04** |
| **Upside** | **35%** |
| Previous rating | Outperform |
| Previous target price (TRY) | 46.39 |

| | TRY | US$ |
|---|---|---|
| **Close** | 31.80 | 0.64 |
| **BIST 100** | 11,333 | 227 |
| **US$/TRY (CBT Bid Rate):** | 49.94 | |
| **52 Week High:** | 43.06 | 0.98 |
| **52 Week Low:** | 23.88 | 0.57 |
| **Bloomberg Ticker:** | VAKBN.TI | |

| | |
|---|---|
| **Number of Shares (Mn):** | 9,916 |

| | (TRY Mn) | (US$ Mn) |
|---|---|---|
| **Current Mcap:** | 315,326 | 6,315 |
| **Free Float Mcap:** | 18,920 | 379 |
| **Avg. Daily Volume:** | 1,610 | 36 |

| **Expectations (TRY mn)** | **Actual** | **Seker** | **Diff.** | **Cons.** | **Diff.** |
|---|---|---|---|---|---|
| **Net income** | 15,432 | 14,300 | 7.9% | 14,435 | 6.9% |

| **3Q26** | **2Q26** | **3Q26** | **QoQ** | **3Q25** | **YoY** |
|---|---|---|---|---|---|
| **Net income (TRY mn)** | 15,077 | 15,432 | 2% | 11,893 | 30% |

| **Forecasts (TRY mn)** | **2023A** | **2024A** | **2025A** | **2026E** | **2027E** |
|---|---|---|---|---|---|
| **Net income** | 25,046 | 40,375 | 70,050 | 75,912 | 99,824 |
| **BV** | 171,428 | 219,194 | 322,381 | 387,388 | 487,212 |

| **Valuation** | **2023A** | **2024A** | **2025A** | **2026E** | **2027E** |
|---|---|---|---|---|---|
| **P/E (x)** | 5.1 | 5.7 | 4.3 | 4.2 | 3.2 |
| **P/BV (x)** | 0.74 | 1.05 | 0.94 | 0.81 | 0.65 |
| **ROAA** | 1.1% | 1.2% | 1.5% | 1.3% | 1.3% |
| **ROAE** | 16.6% | 20.9% | 27.3% | 21.7% | 22.9% |

| **Returns (%)** | **1 M** | **3M** | **6M** | **12M** | **YtD** |
|---|---|---|---|---|---|
| **TRY Return:** | -6.3 | 1.2 | 3.0 | 24.9 | 3.7 |
| **US$ Return:** | -8.1 | -3.8 | -6.9 | 5.1 | -11.0 |
| **BIST 100 Relative:** | 2.9 | 22.4 | 31.8 | 20.9 | 3.0 |

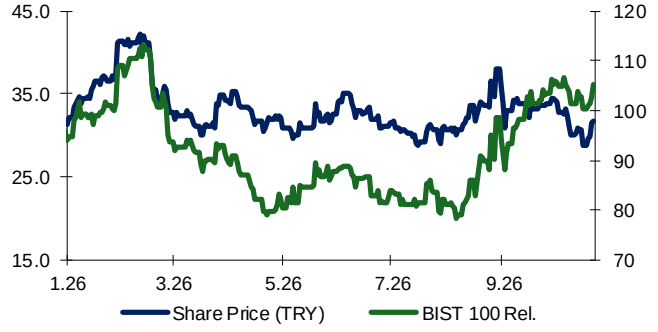


**Figure 1: Summary balance sheet**

| (Bank-only, TRYmn) | 9M25 | 6M26 | 9M26 | QoQ | YoY | YtD |
|---|---|---|---|---|---|---|
| Security portfolio | 1,108,811 | 1,296,347 | 1,374,977 | 6.1% | 24.0% | 14.6% |
| Loans | 2,644,343 | 3,277,139 | 3,563,854 | 8.7% | 34.8% | 22.4% |
| **Total assets** | **4,994,270** | **5,810,756** | **6,235,114** | **7.3%** | **24.8%** | **15.7%** |
| | | | | | | |
| **Deposits** | **3,132,011** | **3,566,974** | **4,024,451** | **12.8%** | **28.5%** | **16.7%** |
| TRY deposits | 2,213,921 | 2,559,352 | 2,903,337 | 13.4% | 31.1% | 19.0% |
| FC deposits | 918,090 | 1,007,622 | 1,121,114 | 11.3% | 22.1% | 11.0% |
| Shareholder's equity | 263,628 | 353,008 | 357,016 | 1.1% | 35.4% | 10.7% |
| **Total liabilities** | **4,994,270** | **5,810,756** | **6,235,114** | **7.3%** | **24.8%** | **15.7%** |

*Source: Bank financials, Seker Invest Research*

**Figure 2: Summary income statement**

| (Bank-only, TRYmn) | 3Q25 | 2Q26 | 3Q26 | QoQ | YoY | 9M25 | 9M26 | YoY |
|---|---|---|---|---|---|---|---|---|
| Net interest income (Swap adj) | 31,519 | 42,401 | 55,586 | 31.1% | 76.4% | 78,185 | 146,468 | 87.3% |
| Net fee and commission income | 20,605 | 22,362 | 26,265 | 17.5% | 27.5% | 53,321 | 67,965 | 27.5% |
| Dividends | 518 | 596 | 3 | -99.5% | -99.4% | 518 | 985 | 90.2% |
| Net trading gain/loss | 4,355 | -2,088 | 488 | n.m. | -88.8% | 16,858 | 568 | -96.6% |
| Other operating income | 1,058 | 10,656 | 1,735 | -83.7% | 63.9% | 15,379 | 14,196 | -7.7% |
| Provisions (net) | 10,433 | 11,331 | 22,551 | 99.0% | 116.1% | 27,153 | 46,356 | 70.7% |
| OPEX | 30,694 | 43,829 | 39,893 | -9.0% | 30.0% | 83,290 | 122,697 | 47.3% |
| Net operating profit before taxes | 16,412 | 18,817 | 21,683 | 15.2% | 32.1% | 53,817 | 61,293 | 13.9% |
| Tax provision | 4,519 | 3,740 | 6,251 | 67.1% | 38.3% | 11,860 | 15,753 | 32.8% |
| **Net profit** | **11,893** | **15,077** | **15,432** | **2.4%** | **29.8%** | **41,956** | **45,540** | **8.5%** |

*Source: Bank financials, Seker Invest Research*

**Figure 3: Balance sheet ratios**

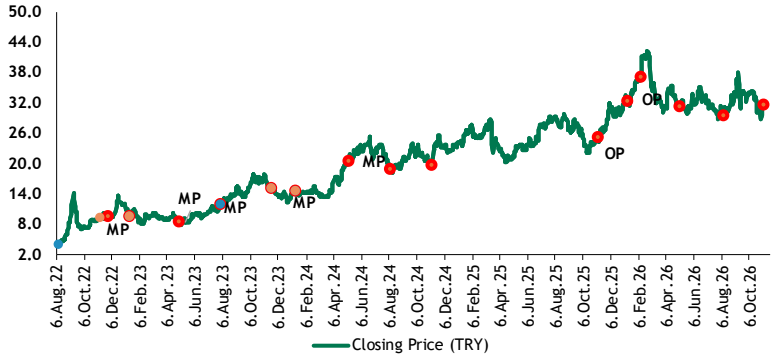
| Funding structure | 3Q25 | 2Q26 | 3Q26 | QoQ | YoY | YtD |
|---|---|---|---|---|---|---|
| LDR | 84% | 92% | 89% | -3.3% | 4.1% | 4.1% |
| TRY LDR | 74% | 81% | 76% | -4.2% | 1.9% | 1.5% |
| FX LDR | 108% | 121% | 120% | -0.5% | 11.7% | 12.6% |
| Demand deposits/Deposits | 30% | 32% | 30% | -1.4% | 0.8% | -2.4% |
| Time deposits/Deposits | 70% | 68% | 70% | 1.4% | -0.8% | 2.4% |
| **Asset quality** | **3Q25** | **2Q26** | **3Q26** | **QoQ** | **YoY** | **YtD** |
| NPL Ratio | 2.8% | 3.4% | 4.1% | 0.7% | 1.3% | 1.2% |
| Total CoR (Quarterly) | 1.61% | 1.37% | 2.53% | 1.2% | 0.9% | 1.9% |
| Total CoR (Cumulative) | 1.54% | 1.53% | 1.92% | 0.4% | 0.4% | 0.6% |
| Stage 1 loans/Total loans | 88.7% | 86.3% | 86.3% | 0.0% | -2.4% | -2.1% |
| Stage 2 loans/Total loans | 8.5% | 10.4% | 9.6% | -0.7% | 1.1% | 0.9% |
| Total provisions/NPL | 123.7% | 107.9% | 96.0% | -12.0% | -27.7% | -18.5% |
| **Capital adequacy and leverage** | **3Q25** | **2Q26** | **3Q26** | **QoQ** | **YoY** | **YtD** |
| CET1 | 10.0% | 9.5% | 9.1% | -0.4% | -1.0% | -2.4% |
| Tier I | 12.3% | 12.0% | 11.5% | -0.5% | -0.8% | -2.9% |
| CAR | 14.7% | 14.1% | 13.6% | -0.5% | -1.1% | -3.1% |
| Leverage | 18.94 | 16.46 | 17.46 | 1.00 | - 1.48 | 0.75 |
| **Currency breakdown** | **3Q25** | **2Q26** | **3Q26** | **QoQ** | **YoY** | **YtD** |
| TRY Loans/Loans | 62.3% | 62.9% | 62.2% | -0.7% | -0.2% | -0.5% |
| FX Loans /Loans | 37.7% | 37.1% | 37.8% | 0.7% | 0.2% | 0.5% |
| TRY Deposits/Deposits | 70.7% | 71.8% | 72.1% | 0.4% | 1.5% | 1.4% |
| FX Deposits/Deposits | 29.3% | 28.2% | 27.9% | -0.4% | -1.5% | -1.4% |

Source: Bank financials, Seker Invest Research

| Figure 4: Profitability ratios (Quarterly) | 3Q25 | 2Q26 | 3Q26 | QoQ | YoY | YtD |
|---|---|---|---|---|---|---|
| ROAA | 1.0% | 1.1% | 1.0% | -0.04% | 0.03% | -1.14% |
| ROAE | 18.7% | 17.6% | 17.4% | -0.23% | -1.27% | -20.97% |
| NIM (Swap adj.) | 2.8% | 3.2% | 3.9% | 0.75% | 1.12% | -1.07% |
| **Figure 5: Profitability ratios (Cumulative)** | **3Q25** | **2Q26** | **3Q26** | **QoQ** | **YoY** | **YtD** |
| ROAA | 1.3% | 1.1% | 1.1% | -0.02% | -0.20% | -0.46% |
| ROAE | 23.3% | 17.9% | 17.8% | -0.13% | -5.45% | -9.46% |
| NIM (Swap adj.) | 2.6% | 3.5% | 3.6% | 0.15% | 1.02% | 0.33% |
| **Efficiency ratios** | **3Q25** | **2Q26** | **3Q26** | **QoQ** | **YoY** | **YtD** |
| Cost/Assets | 2.6% | 3.1% | 2.6% | -0.44% | 0.08% | -0.03% |
| Fees (net)/Assets | 1.7% | 1.6% | 1.7% | 0.17% | 0.02% | 0.25% |
| Fees (net)/OPEX | 67.1% | 51.0% | 65.8% | 14.82% | -1.29% | 10.06% |

*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 |
| 10.Aug.26 | Outperform (OP) | 46.39 |
| 06.Nov.26 | Outperform (OP) | 43.04 |

**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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