

11/08/2025

Strong fees and trading gains

Core revenues down; trading gains supportive

Albaraka posted 2Q25 net income of TL1.256mn (-84% q/q, flat y/y), in line with both our estimate (TL1.236mn) and the market consensus (TL1.263mn). Note that 1Q results were inflated by the release of free provisions (TL 7.0bn). Albaraka also set aside TL445mn in additional free provisions this quarter, bringing the total buffer to TL745mn as of 1H25. Had we excluded 1Q's reversals and adjusted for new free provisions, net income would have been TL1.7bn, doubling q/q in 2Q. Tax reversals (TL 727mn), driven by asset sales and tax exemptions on investment funds, also contributed to 2Q earnings. Core revenues declined by 18% q/q due to high funding costs, as both the core spread and TL spread contracted by 19bps and 31bps q/q, respectively. Meanwhile, fee income grew by 14% q/q and 43% y/y. Net trading income expanded by 74% q/q, mainly due to valuation gains from the Bank's own investment fund. Opex slid 17% q/q due to effective cost management and the absence of 1Q's employee bonus payments. ROE rose to 26% in 2Q, up from an adjusted 18.3% in 1Q and 34.4% in the same quarter last year. We expect Albaraka's net earnings to reach TL11.7bn (+171% y/y) in 2025, implying a strong 49% ROE.

Downgraded to MP on limited upside

Albaraka trades at 26E P/BV of 0.7x and 3.8x P/E, while 26E ROE stands at 18.7%, on our estimates. Since the beginning of 2Q, Albaraka has outperformed XBANK by 19% and XU100 by 36% (54% in absolute terms), marking the best performance among its peers. Although we remain positive on the stock, we have downgraded our rating to 'Market Perform' from 'Outperform' due to limited upside potential. We will look for better entry points going forward.

ALBRK TI / ALBRK.IS

Current Rating	Marketperform (previous: Outperform)		
Expected Market Reaction	Neutral		
Analyst Action	Rating Downgrade		
Price	TL9.02	Mcap (mnTL)	22,550
Target Price	TL9.85	Mcap (mn\$)	555
Upside	9%	Prev. Target Price	TL9.85
High /Low 30Day	9.3 / 6.5	Free Float	40%

BB 2025FY Consensus

Estimate Revisions	1W	4W	3M
EPS	-	-	-
# of Buy/Hold/Sell	5/1/0	3/1/0	3/1/0
Rel Perf. XU030	-3.4%	5.9%	25.6%
ADV (USDmn)	3.9	4.1	3.6

OYAK vs BB consensus

(25E TLmn)	OYAK	Cons.	% Diff
NI	11,695	8,848	32%

Multiples & Ratios
(OYAK Est)

	2024	2025E	2026E
P/E	5.31x	1.96x	3.82x
P/B	1.24x	0.79x	0.65x
RoE	27.1%	49.3%	18.7%
(TLmn)	2024	2025E	2026E
Net income	4,310	11,695	5,985
Equity	18,429	29,065	35,050

Income Statement					
TLm	2Q24	1Q25	2Q25	q/q (%)	y/y (%)
I. Net Interest Income	2,497	1,102	569	(48.4)	(77.2)
II. Net Fee Income	831	1,044	1,186	13.6	42.8
III. Net Trading Gain/Loss	-648	638	1,109	73.7	n.a.
IV. Other Income	662	9,399	2,081	(77.9)	214.3
V. OPEX	1,839	3,593	2,970	(17.3)	61.5
VI. Pre-provisioning Income	1,503	8,590	1,974	(77.0)	31.3
VII. Provisions	177	589	1,445	145.3	716.4
IX. Pre-Tax Income	1,327	8,001	529	(93.4)	(60.1)
X. Net Profit	1,256	7,846	1,256	(84.0)	(0.1)

Analyst: Övünç Gürsoy, PhD, CFA

Disclaimer

The information, comments and advices included herein do not constitute an offer or a solicitation of an offer to buy or sell any securities. The matters covered on this report may include forward-looking statements that involve risk and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. OYAK Yatırım Menkul Değerler A.Ş. ("OYAK Securities"), does not undertake to advise you of changes in the information or opinions set forth herein or provide you with access to any additional information or to correct any inaccuracies therein which may become apparent subsequent to the date hereof or to publicly update any information or any forward looking statement, whether as a result of new information, future events or otherwise. Content and information provided by third parties is published as supplied to OYAK Securities and OYAK Securities has not independently verified any of such information.

The investment information, comments and advices given herein are not part of investment advisory activity. Investment advisory services are provided by authorized institutions to persons and entities privately by considering their risk and return preferences. Whereas the comments and advices included herein are of general nature. Therefore, they may not be appropriate for your financial situation and risk and return preferences. For this reason, making an investment decision solely by relying on the information given herein may not give rise to results within your expectations. Investors should not make their investment decisions on the basis of this report and construe the contents of this report as legal, tax, financial or investment advice.

OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives, do not make any representations or warranties, express or implied, for the accuracy, timeliness, completeness or fairness of any such information or any estimates, conclusions or opinions based thereon, and does not accept any liability or responsibility whatsoever for the contents of the report or for any errors, omissions or mis-statements or for any adverse consequences of the investment decisions made as a result of reliance upon this report.

OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives may hold positions and execute transactions in securities of entities mentioned in the document. In addition, OYAK Securities, any of its parents, subsidiaries or affiliates, agents, employees or representatives might have, might be seeking or will seek investment banking or other business relationships with the companies in this report.

Copyright in this report is owned by OYAK Securities except where otherwise indicated by a third party's proprietary notice and may not be reproduced or appropriated in any manner without written permission of OYAK Securities or their respective owners.

Valuation Approach

Valuation tools employed most frequently are Discounted Cash Flow (DCF) and International Peer Group Comparison, though other metrics such as Dividend Discount, Gordon Growth, and Replacement Value Methods are also used wherever appropriate. Oyak Securities analysts may calculate the target return of each stock considering only one method or assigning different weights to more than one method depending on the analyst's opinion. The "Expected Market Return" (EMR) of the BIST-100 is determined through aggregate target returns of each stock under coverage based on their respective free float market capitalization.

Rating Methodology

Oyak Securities assigns recommendations to each stock according to the following criteria:

Price target for a stock represents the value analyst expects the stock to reach during our performance horizon, which is 12 months. For stocks with an OUTPERFORM recommendation, target return must exceed the EMR by at least 40% over the next 12 months. For a stock to be classified as UNDERPERFORM, the stock must be expected to underperform the EMR more than 25% over the next 12 months. Stocks that an analyst expects to perform parallel to the EMR within a band of +40%/-25% are rated as MARKETPERFORM. Oyak Securities analysts review their recommendations under continuous screening. Nevertheless, at times, target return of a stock may be allowed to move outside our rating intervals as a result of share price fluctuations. Under such circumstances, the analyst may choose not to change his/her recommendation.