

3Q25 Banks Earnings Preview

Net Interest Margin Expansion Drives 5% QoQ Net Income Growth

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The 3Q25 earnings season for banks under our coverage is expected to start with Akbank on October 23. Following a 7% QoQ decline in net income in 2Q25, we project those banks to record a 4.8% QoQ and 64% YoY increase in net income in 3Q25.

We expect investor focus to remain on margin recovery and higher expected credit losses.

Key highlights of the quarter:

- 1) Strong quarterly loan growth across the sector,
- 2) Improvement in swap-adjusted net interest margin and a notable recovery in the TL loan-deposit spread,
- 3) Increase in fee and commission income, led mainly by state banks,
- 4) Operating expenses: quarterly increase in private banks driven by personnel costs, while state banks show limited growth,
- 5) Rise in swap funding costs across the sector due to higher transaction volumes,
- 6) Increase in credit risk cost,
- 7) Decline in subsidiary income due to a high base effect in the previous quarter; however, Halkbank is expected to post valuation-driven gains.

Among the banks under our coverage, we expect the highest quarterly net income growth at Halkbank (+51%), driven by subsidiary income and a favorable base effect, and at Akbank (+21%), supported by strong growth in net interest income. Among private banks, we forecast flat quarterly earnings (+0.4%) at Garanti BBVA, reflecting the high base from the previous quarter's strong results, while we expect robust quarterly net profit growth (+16%) at Yapı Kredi, driven by higher net interest income. For Isbank, despite a solid increase in net interest income, we anticipate a 17% QoQ decline in net income due to higher provisioning expenses.

For Akbank, we model a recovery in margins and a 21% QoQ increase in net income. For Garanti BBVA, despite expecting stronger margin expansion compared to peers, we project flat quarterly earnings due to the high base effect from the previous quarter. Halkbank stands out with strong quarterly earnings growth, which we attribute mainly to subsidiary income and the base effect; on the negative side, we expect a decline in net interest income.

Net income forecasts for the coverage banks (Bank-only, TRY mn)

Banks	3Q24	4Q24	1Q25	2Q25	3Q25E	QoQ	YoY	Highlights	Date	Impact
AKBNK	9.031	9.227	13.727	11.125	13.479	21,2%	49,3%	Strong quarterly expansion in net interest margin Higher fee income, rising provisioning	23.Oct	Positive
GARAN	22.095	25.241	25.284	28.326	28.444	0,4%	28,7%	Limited improvement in net interest margin Sharp decline in fee-to-expense ratio due to one-off spike in operating expenses	30.Oct	Neutral
HALKB	2.960	3.888	7.051	4.981	7.532	51,2%	154,5%	Strong quarterly net income growth driven by one-off gain from subsidiary revaluation Significant improvement in TL loan-deposit spread and decline in operating expenses	2.Week of Nov. (Estimate)	Slightly positive
ISCTR	5.534	10.833	12.418	17.372	14.314	-17,6%	158,7%	Strong swap-adjusted margin expansion; higher provisions weigh on profitability despite robust NII growth, leading to a quarterly decline in net income	1.Week of Nov. (Estimate)	Neutral
TSKB	2.633	3.099	3.095	3.380	2.860	-15,4%	8,6%	Strong net interest margin maintained QoQ Despite higher net interest income, earnings declined due to high base effect	27.Oct	Slightly positive
VAKBN	8.023	13.161	20.034	10.029	10.878	8,5%	35,6%	Strong recovery in net interest margin Robust fee income, limited expense growth, and over 8% QoQ increase in net profit	1.Week of Nov. (Estimate)	Positive
YKBK	5.001	6.611	11.418	11.330	13.178	16,3%	163,5%	Quarterly increase in net interest margin Strong growth in swap-adjusted NII, accompanied by higher operating expenses	31.Oct	Positive
Total	55.275	72.061	93.026	86.544	90.686	4,8%	64,1%			

Source: Seker Invest Research

Akbank:

Our 3Q25 net income estimate stands at TRY 13,479 million, implying 21% QoQ and 49% YoY growth. Accordingly, we forecast a quarterly ROE of 20.3%. Despite the rise in swap funding costs, we expect a strong expansion in both the TL loan-deposit spread and the swap-adjusted net interest margin, supported by the effective management of deposit costs amid higher volumes. We anticipate the increase in operating expenses to be offset by solid growth in fee and commission income, while higher provisioning expenses are expected to partly weigh on profitability.

On the funding side, we expect the bank to gain around 100 bps market share in TL demand deposits among private deposit banks, along with a rise in the TL loan-deposit ratio. On the swap cost side, we model an increase driven by higher transaction volumes.

We expect the strong momentum in fee and commission income to continue, with quarterly growth of around 14% in fee income. Operating expenses are projected to increase by 12.5% QoQ, mainly due to higher personnel expenses.

Positive.

Garanti BBVA:

Our 3Q25 net income estimate stands at TRY 28,444 million, implying 0.4% QoQ and 28.7% YoY growth. The bank stands out with a solid 29.8% quarterly ROE. Despite improvement in the net interest margin and a continued strong trend in fee and commission income, we expect the rise in operating expenses to result in an 8% decline in the fee-to-expense ratio. Overall, we anticipate higher operating costs to partly weigh on profitability.

We model high single-digit growth in TL loans and a 2-3% increase in FX loans. Swap funding costs are expected to rise nearly threefold QoQ to TRY 8.9 billion. Due to the higher CPI-linker valuation rate applied by the bank, we estimate income from CPI-linked securities to increase by 6% QoQ to TRY 8.6 billion. On the asset quality side, we expect the net (FX-adjusted) cost of risk to remain at around 180-190 bps. **Neutral.**

HalkBank:

Our 3Q25 net income estimate stands at TRY 7,532 million, implying 51% QoQ and 154% YoY growth. We model the bank's ROE to rise from 12.2% to 17.5%, supported by strong net income growth. The bank stands out positively compared to the sector thanks to a notable recovery in the TL loan-deposit spread. On the other hand, the decline in CPI-linked securities income is expected to result in a limited decrease in net interest income.

On the cost side, we model a 3-4% QoQ decline in operating expenses, supported by effective cost management. The bank's securities portfolio continues to grow above the sector average, while we expect an -800 bps improvement in the TL loan-deposit spread. We forecast growth in fee and commission income, and a quarterly decline in operating expenses thanks to efficiency-oriented cost management. On the positive side, swap funding costs are expected to decline by 38%. In addition, the bank is expected to record around TRY 500 million in tax income. **Slightly Positive.**

Isbank:

Among the banks under our coverage, we expect the highest increase in net interest income (+72%) at Isbank. Our 3Q25 net income estimate stands at TRY 14,314 million, implying a 17% QoQ decline and a 159% YoY increase. The main driver behind the expected quarterly decline in net income is higher provisioning expenses. Nevertheless, we forecast a strong improvement of around 100 bps in the swap-adjusted net interest margin.

We model an 11% QoQ increase in net fee and commission income and a 12.5% rise in operating expenses. On a 9M cumulative basis, these figures correspond to 47% YoY growth in fees and commissions and 25% YoY growth in operating expenses. We expect net interest income to increase by 70%, while swap costs are projected to rise only 10% QoQ. On the asset quality side, we forecast the cumulative (9M) net cost of risk to reach 210 bps, and the quarterly figure to increase to 285 bps. **Neutral.**

VakifBank:

Our 3Q25 net income estimate stands at TRY 10,878 million, implying 8.5% QoQ and 35.6% YoY growth. We model the bank's ROE to rise from 16.7% to 18.4%, supported by net income growth. For the bank specifically, we expect a notable recovery in margins and a limited 4.5% increase in operating expenses to stand out as key drivers.

We expect over 13% QoQ growth in net fee and commission income, while operating expenses are projected to record a limited 4.6% increase. We model non-swap net interest income to rise by 30%, and the swap-adjusted net interest margin to improve by around 40 bps QoQ. Due to the limited increase in the CPI-linker valuation rate, we expect income from CPI-linked securities to show only a modest rise, lagging peers, while swap costs are projected to remain at around TRY 5 billion. Overall, we forecast a 40 bps QoQ improvement in the swap-adjusted net interest margin. **Positive.**

Yapi Kredi Bank:

Our 3Q25 net income estimate stands at TRY 13,177 million, implying 16% QoQ and 163% YoY strong growth, corresponding to a quarterly ROE of 24.3%. The bank stands out with a robust 27% QoQ increase in net interest income. On the other hand, we expect operating expenses to rise by 15.5% QoQ, partly weighing on profitability.

Despite expecting a 22% increase in swap funding costs, we project a 27% QoQ rise in non-swap net interest income, leading to a 38% QoQ increase in swap-adjusted net interest income. We forecast a 9% QoQ increase in fee and commission income, while a 15% rise in operating expenses is expected to partly weigh on profitability.

Following the strong growth in TL demand deposits in the previous quarter, we expect some normalization this quarter, whereas we model solid growth in FX demand deposits.

Leveraging its funding cost advantage, the bank is expected to increase swap usage, with swap costs rising by 21.6% QoQ, while swap-adjusted net interest income is forecast to grow by 38% QoQ. Given that the bank revised the CPI-linker valuation rate to 32% in 3Q25, we model CPI-linked securities income to rise by 21.8% QoQ to TRY 14.5 billion. Accordingly, we expect the net interest margin to improve by 34 bps QoQ. **Positive.**

TSKB:

Our 3Q25 net income estimate stands at TRY 2,860 million, implying a 15% QoQ decline and an 8% YoY increase. The decline in net income is mainly due to the base effect created by one-off provision reversals and collections recorded in the previous quarter. Despite the lower net income, the bank's ROE stands at around 30%, indicating a performance well above peers.

The bank stands out with strong fee income and lower operating expenses. Despite higher swap costs, we expect the net interest margin to remain largely stable on a quarterly basis. We model net interest income to rise by 22%, fee income to increase by 9%, and operating expenses to decline by around 7%. In addition, the bank's net cost of risk remains in negative territory, while its capital adequacy ratio stands at a solid level, positioning the bank favorably among peers. **Slightly Positive.**

AKBNK (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	18.569	26.570	43,1%
Net fee income	25.802	29.494	14,3%
Dividends	42	0	n.a
Commercial Profit/Loss (Net)	-2.314	-4.629	100,1%
Other operations profit	1.352	1.475	9,1%
Gross operating income	43.451	52.910	21,8%
Expected Credit Loss	8.618	9.332	8,3%
Other provisions	-20	0	-100,0%
OPEX	25.739	28.978	12,6%
Net operating profit	9.114	14.600	60,2%
Income/loss from inv. under equity	2.716	2.681	-1,3%
Net operating profit before taxes	11.830	17.281	46,1%
Tax	705	3.802	439,0%
Net profit	11.125	13.479	21,2%

TL loans	990.726	1.101.487	11,2%
FC loans	397.837	442.152	11,1%
FC loans in \$	9.993	10.632	6,4%
Total loans	1.388.562	1.543.638	11,2%

TL deposits	1.232.668	1.331.281	8,0%
FC deposits	571.221	638.425	11,8%
FC deposits in \$	14.348	15.352	7,0%
Total deposits	1.803.889	1.969.706	9,2%
Total assets	2.818.348	3.080.488	9,3%

NPL ratio	2,90%	3,43%	0,52
NIM (Swap adj.)	2,75%	3,95%	1,21
CoR (net) bps	2,29%	2,14%	-0,14
Fees (net)/OPEX	100,2%	101,8%	1,54
ROAE	17,7%	20,3%	2,56
ROAA	1,6%	1,8%	0,22

Source: Seker Invest Research

GARAN (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	32.759	44.723	36,5%
Net fee income	34.482	37.577	9,0%
Dividends	239	0	n.a
Commercial Profit/Loss (Net)	1.215	-5.115	-521,0%
Other operations profit	11.399	1.503	-86,8%
Gross operating income	80.094	78.689	-1,8%
Expected Credit Loss	17.197	8.865	-48,5%
Other provisions	53	0	-100,0%
OPEX	35.072	41.556	18,5%
Net operating profit	27.772	28.268	1,8%
Income/loss from inv. under equity	7.142	7.287	2,0%
Net operating profit before taxes	34.914	35.555	1,8%
Tax	6.588	7.111	7,9%
Net profit	28.326	28.444	0,4%

(Expected credit losses for 3Q25E are shown net of loan loss reversals)

TL loans	1.325.062	1.445.042	9,1%
FC loans	502.194	540.280	7,6%
FC loans in \$	12.614	12.991	3,0%
Total loans	1.827.256	1.985.321	8,7%

TL deposits	1.466.636	1.473.969	0,5%
FC deposits	749.910	846.069	12,8%
FC deposits in \$	18.836	20.343	8,0%
Total deposits	2.216.546	2.320.038	4,7%
Total assets	3.246.038	3.827.325	17,9%

NPL ratio	3,00%	3,07%	0,07
NIM (Swap adj.)	4,54%	4,76%	0,21
CoR (net) bps	2,03%	1,93%	-0,10
Fees (net)/OPEX	98,3%	90,4%	-7,89
ROAE	31,6%	29,8%	-1,78
ROAA	3,6%	3,2%	-0,39

Source: Seker Invest Research

HALKB (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	22.916	21.259	-7,2%
Net fee income	14.066	16.021	13,9%
Dividends	227	0	-100,0%
Commercial Profit/Loss (Net)	-4.065	-2.871	-29,4%
Other operations profit	4.468	6.907	54,6%
Gross operating income	37.612	41.316	9,8%
Expected Credit Loss	7.025	10.708	52,4%
Other provisions	-39	0	-100,0%
OPEX	26.339	25.422	-3,5%
Net operating profit	4.288	5.186	20,9%
Income/loss from inv. under equity	0	1.821	n.a
Net operating profit before taxes	4.288	7.007	63,4%
Tax	-693	-526	-24,2%
Net profit	4.981	7.532	51,2%

TL loans	1.147.954	1.210.683	5,5%
FC loans	480.381	570.996	18,9%
FC loans in \$	12.659	13.729	8,5%
Total loans	1.628.335	1.781.679	9,4%

TL deposits	1.874.681	2.017.156	7,6%
FC deposits	1.097.585	1.249.848	13,9%
FC deposits in \$	28.924	30.052	3,9%
Total deposits	2.972.266	3.267.004	9,9%
Total assets	3.650.045	4.024.583	10,3%

NPL ratio	2,78%	3,11%	0,32
NIM (Swap adj.)	2,80%	2,29%	-0,51
CoR (net) bps	0,92%	1,19%	0,27
Fees (net)/OPEX	53,4%	63,0%	9,62
ROAE	12,2%	17,5%	5,30
ROAA	0,6%	0,8%	0,20

Source: Seker Invest Research

ISCTR (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	14.891	25.615	72,0%
Net fee income	32.772	36.335	10,9%
Dividends	190	0	-100,0%
Commercial Profit/Loss (Net)	-5.509	-5.634	2,3%
Other operations profit	4.502	1.972	-56,2%
Gross operating income	46.847	58.288	24,4%
Expected Credit Loss	10.814	14.556	34,6%
Other provisions	-15	20	0,0%
OPEX	34.575	38.930	12,6%
Net operating profit	1.473	4.782	224,7%
Income/loss from inv. under equity	14.679	9.604	-34,6%
Net operating profit before taxes	16.152	14.386	-10,9%
Tax	-1.220	72	-105,9%
Net profit	17.372	14.314	-17,6%

TL loans	1.217.251	1.321.703	8,6%
FC loans	746.420	822.140	10,1%
FC loans in \$	19.670	19.768	0,5%
Total loans	1.963.670	2.143.844	9,2%

TL deposits	1.468.066	1.585.511	8,0%
FC deposits	1.163.231	1.313.127	12,9%
FC deposits in \$	29.269	31.643	8,1%
Total deposits	2.631.296	2.898.637	10,2%
Total assets	3.975.558	4.329.526	8,9%

NPL ratio	2,52%	2,94%	0,42
NIM (Swap adj.)	1,05%	2,08%	1,03
CoR (net) bps	1,47%	2,85%	1,38
Fees (net)/OPEX	94,8%	93,3%	-1,45
ROAE	20,2%	16,3%	-3,98
ROAA	1,8%	1,4%	-0,44

Source: Seker Invest Research

TSKB (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	3.907	4.768	22,0%
Net fee income	91	99	9,3%
Dividends	5	0	n.a
Commercial Profit/Loss (Net)	198	-543	-374,6%
Other operations profit	1.440	348	-75,8%
Gross operating income	5.640	4.673	-17,1%
Expected Credit Loss	974	570	-41,5%
Other provisions	70	0	
OPEX	901	840	-6,7%
Net operating profit	3.695	3.263	-11,7%
Income/loss from inv. under equity	801	550	-31,4%
Net operating profit before taxes	4.496	3.813	-15,2%
Tax	1.116	953	-14,6%
Net profit	3.380	2.860	-15,4%
TL loans	11.091	11.214	1,1%
FC loans	187.877	216.205	15,1%
FC loans in \$	4.951	5.198	5,0%
Total loans	198.968	227.419	14,3%
TL deposits	0	0	n.a
FC deposits	0	0	n.a
FC deposits in \$	0	0	n.a
Total deposits	0	0	n.a
Total assets	286.855	324.087	13,0%
NPL ratio	0,93%	0,49%	-0,44
NIM (Swap adj.)	5,68%	5,57%	-0,11
CoR (net) bps	-0,81%	-0,09%	0,72
Fees (net)/OPEX	10,1%	11,8%	1,73
ROAE	36,3%	30,4%	-5,86
ROAA	4,9%	3,7%	-1,20

Source: Seker Invest Research

VAKBN (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	27.961	36.390	30,1%
Net fee income	17.346	19.716	13,7%
Dividends	514	0	-100,0%
Commercial Profit/Loss (Net)	4.214	1.178	-72,0%
Other operations profit	11.497	5.667	-50,7%
Gross operating income	61.532	62.951	2,3%
Expected Credit Loss	18.673	17.740	-5,0%
Other provisions	180	0	-100,0%
OPEX	28.216	29.516	4,6%
Net operating profit	14.462	15.696	8,5%
Income/loss from inv. under equity	0	0	n.a
Net operating profit before taxes	14.462	15.696	8,5%
Tax	4.433	4.819	8,7%
Net profit	10.029	10.878	8,5%
TL loans	1.498.791	1.622.203	8,2%
FC loans	920.896	995.595	8,1%
FC loans in \$	23.131	23.938	3,5%
Total loans	2.419.687	2.617.797	8,2%
TL deposits	2.093.979	2.219.618	6,0%
FC deposits	830.579	911.052	9,7%
FC deposits in \$	20.862	21.906	5,0%
Total deposits	2.924.559	3.130.670	7,0%
Total assets	4.555.224	4.889.792	7,3%
NPL ratio	2,50%	2,82%	0,31
NIM (Swap adj.)	2,40%	2,81%	0,41
CoR (net) bps	1,54%	1,92%	0,37
Fees (net)/OPEX	61,5%	66,8%	5,33
ROAE	16,7%	18,4%	1,62
ROAA	0,9%	0,9%	0,00

Source: Seker Invest Research

YKBANK (Bank-only, TRYmn)	2Q25	3Q25E	QoQ
Net interest income	30.985	39.389	27,1%
Net fee income	26.786	29.212	9,1%
Dividends	13	1	n.a
Commercial Profit/Loss (Net)	-15.726	-19.148	21,8%
Other operations profit	5.233	8.400	60,5%
Gross operating income	47.291	57.853	22,3%
Expected Credit Loss	12.224	15.704	28,5%
Other provisions	37	0	-100,0%
OPEX	26.556	30.672	15,5%
Net operating profit	8.475	11.477	35,4%
Income/loss from inv. under equity	3.809	4.027	5,7%
Net operating profit before taxes	12.284	15.504	26,2%
Tax	954	2.325	143,7%
Net profit	11.330	13.178	16,3%
TL loans	980.302	1.079.018	10,1%
FC loans	469.084	509.443	8,6%
FC loans in \$	11.782	12.249	4,0%
Total loans	1.449.386	1.588.460	9,6%
TL deposits	931.069	986.933	6,0%
FC deposits	599.425	663.764	10,7%
FC deposits in \$	15.056	15.960	6,0%
Total deposits	1.530.494	1.650.696	7,9%
Total assets	2.806.307	3.036.056	8,2%
NPL ratio	3,41%	3,47%	0,06
NIM (Swap adj.)	1,95%	2,30%	0,34
CoR (net) bps	1,69%	1,74%	0,05
Fees (net)/OPEX	100,9%	95,2%	-5,62
ROAE	21,2%	24,3%	3,09
ROAA	1,7%	1,8%	0,11

Source: Seker Invest Research

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