

# Isbank

## 4Q25 Earnings review

### Net Profit 45% Above Expectations, Strong Margin Expansion

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Türkiye İş Bankası has reported a 4Q25 solo net profit of TRY 23.4bn, up 65% QoQ. The reported net profit was 46.7% above our estimate and 45% above the market consensus. As a result, the Bank's full-year 2025 net profit increased by 48% YoY to TRY 67.4bn. Türkiye İş Bankası closed the year with a ROE of 18.6% and a ROA of 1.7%.

The Bank's net interest income increased by 51.3% QoQ, while swap costs rose by 9.5% QoQ. Accordingly, swap-adjusted net interest income grew by 66.8% QoQ. The net interest margin expanded by 115 bps QoQ to 3.24%, while the Bank ended 2025 with a net interest margin of 2.0%.

The Bank's NPL ratio increased from 2.7% to 3.2%, while expected credit loss (ECL) provisions rose by 7.3% QoQ. In this context, the Stage 3 coverage ratio stood at 63.3%. The net cost of risk was in at 2.79% for the quarter, while it ended 2025 at 2.21%.

On the other income side, Türkiye İş Bankası's net fees and commissions increased by 7% QoQ in 4Q25 to TRY 38.6bn. Income from associates rose by 42.4% QoQ in the quarter.

On the cost side, the Bank's operating expenses increased by 19% QoQ. Accordingly, Isbank's fee and commission income covered 85% of operating expenses.

Türkiye İş Bankası guides for mid-30s TRY loan growth and mid-single-digit FX loan growth in 2026. On the funding side, the Bank expects TRY deposit growth to exceed 35%. In terms of margins, the Bank guides for the swap-adjusted net interest margin to stand at around 5% in 2026. On the revenue and cost side, net fees and commissions are expected to grow by 40%, while operating expenses are guided to increase in the mid-40% range. The Bank's 2026 NPL ratio guidance stands at around 4%, with the net cost of risk expected to come in below 250 bps. The average ROE is expected to deliver positive real returns, while the capital adequacy ratio is expected to be maintained above 15%.

We evaluate the 4Q25 financial results as "Positive", driven by the net profit coming in well above expectations. While the Bank's 2026 guidance was largely in line with our forecasts, we revise our 12-month target price for Isbank to TRY 29.61 from TRY 26.25 and maintain our "Outperform" recommendation. Our target price implies an 80% upside potential from current levels. Isbank trades at 2.9x 2026E P/E and 0.73x P/B, with an average ROE of c.29%.

Rating	Outperform
Target price (TRY)	29,61
Upside	80%
Previous rating	Outperform
Previous target price (TRY)	26,25

	TRY	US\$
Close	16,49	0,38
BIST 100	13.522	311
US\$/TRY (CBT Bid Rate):	43,46	
52 Week High:	17,53	0,45
52 Week Low:	10,07	0,26
Bloomberg Ticker:	ISCTR.TI	

Number of Shares (Mn): 25.000

	(TRY Mn)	(US\$ Mn)
Current Mcap:	412.250	9.487
Free Float Mcap:	127.797	2.941
Avg. Daily Volume:	6.840	174

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	23.438	15.975	46,7%	16.157	45,1%

	3Q25	4Q25	QoQ	4Q24	YoY
Net income (TRY mn)	14.213	23.438	65%	10.833	116%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	72.265	45.517	67.441	141.770	218.815
BV	267.797	318.338	427.635	561.789	747.661

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	3,2	7,4	6,1	2,9	1,9
P/BV (x)	0,87	1,06	0,96	0,73	0,55
ROAA	3,8%	1,6%	1,7%	2,6%	3,1%
ROAE	33,3%	15,8%	18,6%	29,3%	34,2%

Returns (%)	1M	3M	6M	12M	YtD
TRY Return:	12,6	24,5	9,7	20,1	17,0
US\$ Return:	11,4	20,4	2,5	-0,8	15,4
BIST 100 Relative:	0,2	1,9	-11,6	-12,6	-2,5

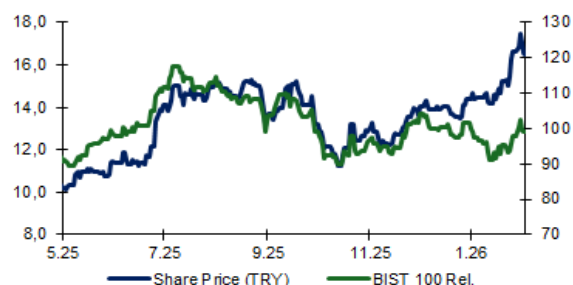


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	12M24	9M25	12M25	QoQ	YoY	YtD
Security portfolio	653.869	762.161	774.904	1,7%	18,5%	18,5%
Loans	1.622.484	2.120.221	2.305.096	8,7%	42,1%	42,1%
<b>Total assets</b>	<b>3.323.776</b>	<b>4.220.641</b>	<b>4.624.940</b>	<b>9,6%</b>	<b>39,1%</b>	<b>39,1%</b>
<b>Deposits</b>	<b>2.127.117</b>	<b>2.850.511</b>	<b>3.098.900</b>	<b>8,7%</b>	<b>45,7%</b>	<b>45,7%</b>
TRY deposits	1.215.867	1.599.075	1.737.716	8,7%	42,9%	42,9%
FC deposits	911.250	1.251.436	1.361.183	8,8%	49,4%	49,4%
Shareholder's equity	318.338	380.645	427.635	12,3%	34,3%	34,3%
<b>Total liabilities</b>	<b>3.323.776</b>	<b>4.220.641</b>	<b>4.624.940</b>	<b>9,6%</b>	<b>39,1%</b>	<b>39,1%</b>

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	4Q24	3Q25	4Q25	QoQ	YoY	Dec. 24	Dec. 25	YoY
Net interest income (Swap adj)	1.485	18.674	31.142	66,8%	1997,7%	-13.182	69.034	-623,7%
Net fee and commission income	26.196	36.024	38.582	7,1%	47,3%	91.411	134.351	47,0%
Dividends	10.119	10.028	14.277	42,4%	41,1%	37.900	48.487	27,9%
Net trading gain/loss	6.786	2.014	-237	n.m.	n.m.	38.771	5.689	-85,3%
Other operating income	3.538	777	7.830	907,3%	121,3%	16.214	11.744	-27,6%
Provisions (net)	5.182	15.270	16.387	7,3%	216,3%	15.892	47.811	200,8%
OPEX	33.132	38.277	45.610	19,2%	37,7%	117.149	150.022	28,1%
Net operating profit before taxes	9.817	13.978	29.606	111,8%	201,6%	38.174	71.687	87,8%
Tax provision	-1.015	-235	6.167	n.m.	n.m.	-7.344	4.246	n.m.
<b>Net profit</b>	<b>10.833</b>	<b>14.213</b>	<b>23.438</b>	<b>64,9%</b>	<b>116,4%</b>	<b>45.517</b>	<b>67.441</b>	<b>48,2%</b>

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

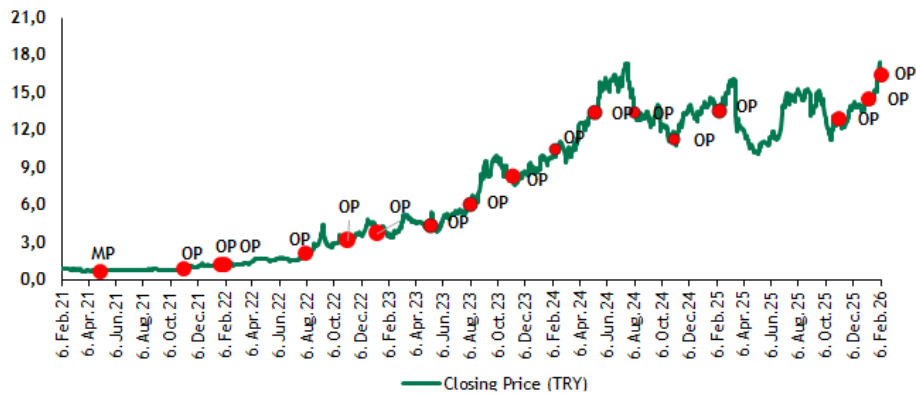
Funding structure	4Q24	3Q25	4Q25	QoQ	YoY	YtD
LDR	76%	74%	74%	0,0%	-1,9%	-1,9%
TRY LDR	87%	82%	85%	2,4%	-2,6%	-2,6%
FX LDR	65%	64%	61%	-3,0%	-4,2%	-4,2%
Demand deposits/Deposits	39%	42%	43%	1,2%	3,4%	3,4%
Time deposits/Deposits	61%	58%	57%	-1,2%	-3,4%	-3,4%
Asset quality	4Q24	3Q25	4Q25	QoQ	YoY	YtD
NPL Ratio	2,1%	2,7%	3,2%	0,5%	1,1%	1,1%
Total CoR (Quarterly)	1,21%	2,81%	2,77%	0,0%	1,6%	1,6%
Total CoR (Cumulative)	1,02%	2,02%	2,20%	0,2%	1,2%	1,2%
Stage 1 loans/Total loans	89,0%	86,8%	85,6%	-1,2%	-3,4%	-3,4%
Stage 2 loans/Total loans	8,9%	10,5%	11,2%	0,7%	2,3%	2,3%
Total provisions/NPL	148,7%	130,3%	117,1%	-13,2%	-31,5%	-31,5%
Capital adequacy and leverage	4Q24	3Q25	4Q25	QoQ	YoY	YtD
CET1	16,6%	14,8%	15,5%	0,7%	-1,1%	-1,1%
Tier I	16,6%	15,6%	16,3%	0,7%	-0,3%	-0,3%
CAR	19,7%	17,9%	18,5%	0,7%	-1,1%	-1,1%
Leverage	10,44	11,09	10,82	0,27	0,37	0,37
Currency breakdown	4Q24	3Q25	4Q25	QoQ	YoY	YtD
TRY Loans/Loans	65,5%	62,2%	64,0%	1,8%	-1,5%	-1,5%
FX Loans /Loans	36,6%	37,8%	36,0%	-1,8%	-0,6%	-0,6%
TRY Deposits/Deposits	57,2%	56,1%	56,1%	0,0%	-1,1%	-1,1%
FX Deposits/Deposits	42,8%	43,9%	43,9%	0,0%	1,1%	1,1%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	1,3%	1,4%	2,1%	0,73%	0,79%	0,79%
ROAE	14,2%	15,3%	23,2%	7,86%	8,97%	8,97%
NIM (Swap adj.)	0,2%	2,1%	3,2%	1,15%	3,02%	3,02%
Figure 4: Profitability ratios (Cumulative)	4Q24	3Q25	4Q25	QoQ	YoY	YtD
ROAA	1,6%	1,5%	1,7%	0,16%	0,13%	0,13%
ROAE	15,8%	16,9%	18,6%	1,66%	2,76%	2,76%
NIM (Swap adj.)	-0,5%	1,5%	2,0%	0,47%	2,51%	2,51%
Efficiency ratios	4Q24	3Q25	4Q25	QoQ	YoY	YtD
Cost/Assets	4,1%	3,7%	4,1%	0,39%	0,06%	0,06%
Fees (net)/Assets	3,2%	3,5%	3,5%	-0,03%	0,28%	0,28%
Fees (net)/OPEX	79,1%	94,1%	84,6%	-9,52%	5,52%	5,52%

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)	7,43
08.Jun.18	Market Perform (MP)	7,01
02.Aug.18	Market Perform (MP)	6,33
08.Nov.18	Market Perform (MP)	4,62
17.Jan.19	Market Perform (MP)	4,92
11.Feb.19	Market Perform (MP)	5,98
07.Jun.19	Market Perform (MP)	5,50
09.Aug.19	Market Perform (MP)	6,59
14.Jan.20	Outperform (OP)	8,53
13.Apr.20	Outperform (OP)	5,83
18.May.20	Market Perform (MP)	5,56
10.Jun.20	Market Perform (MP)	5,42
13.Jul.20	Market Perform (MP)	6,14
10.Aug.20	Outperform (OP)	6,50
09.Nov.20	Outperform (OP)	7,20
18.Jan.21	Outperform (OP)	8,80
07.May.21	Market Perform (MP)	7,05
08.Nov.21	Outperform (OP)	8,30
20.Jan.22	Outperform (OP)	12,30
08.Feb.22	Outperform (OP)	12,90
08.Aug.22	Outperform (OP)	8,15
07.Nov.22	Outperform (OP)	13,65
12.Jan.23	Outperform (OP)	16,40
10.May.23	Outperform (OP)	17,10
01.Aug.23	Outperform (OP)	19,90
08.Aug.23	Outperform (OP)	21,30
06.Nov.23	Outperform (OP)	32,50
12.Jan.24	Outperform (OP)	38,95
10.May.24	Outperform (OP)	18,52
07.Aug.24	Outperform (OP)	18,52
04.Oct.24	Outperform (OP)	17,65
07.Jan.25	Outperform (OP)	21,47
04.Nov.25	Outperform (OP)	18,80
09.Jan.26	Outperform (OP)	26,25
09.Feb.26	Outperform (OP)	29,61

Source: Seker Invest Research

### Basis for 12M Recommendations

<b>Outperform:</b>	The total return is expected to exceed the return of the BIST-100 by more than 10%.
<b>Underperform:</b>	The total return is expected to fall below the return of the BIST-100 by more than 10%.
<b>Market Perform:</b>	The total return is expected to be in line with the return of the BIST-100.

Source: Seker Invest Research

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