

Isbank

1Q26 Earnings review

Net Profit Beats Expectations

Mücahid Yıldırım

Analyst

myildirim@sekeryatirim.com.tr

+90 (212) 334 3333 ext.150

Türkiye İş Bankası has reported a standalone net income of TRY 20.357 billion in 1Q26, exceeding both our estimate and the market median expectation. The reported net profit was 34% above our forecast and 15% above the market consensus, indicating a 13% quarter-on-quarter decline but a strong 64% year-on-year increase. The Bank's return on equity (ROE) stood at 19.2% in the quarter.

In Türkiye İş Bankası's bottom-line performance, income items were generally in line with our expectations, while higher-than-expected subsidiary income and lower-than-forecast expected credit loss provisions were the main drivers behind the positive earnings surprise. The key contributors supporting net profit were the 8% increase in net interest income and the 23% decline in net expected credit loss provisions, whereas the 17.5% rise in operating expenses remained the key factor limiting profitability.

Net interest income increased by 7.8% quarter-on-quarter despite the limited 4% decline in CPI-linked securities income. Owing to the relatively moderate rise in swap costs (up 6.6% QoQ), swap-adjusted net interest income also posted an 8% quarterly increase. Accordingly, the Bank's net interest margin improved slightly on a quarterly basis to 3.24%.

At Türkiye İş Bankası, net fee and commission income declined by 1.3% quarter-on-quarter, while posting strong 41% year-on-year growth. Asset management and insurance-related fees were the main contributors to the increase in commission income. On the operating expense side, personnel expenses rose by 9% QoQ, while the 23% increase in non-personnel expenses was the key driver behind the overall 17% rise in total operating expenses.

On the asset quality side, the bank's NPL ratio increased by 27 basis points quarter-on-quarter to 3.45%, while expected credit loss provisions declined by 22.5% to TRY 12.699 billion. Accordingly, the Bank's net cost of risk stood at 200 basis points in 1Q26.

On the other income side, Türkiye İş Bankası's subsidiary income declined by 14% quarter-on-quarter to TRY 12.279 billion. In the net trading income/loss line, the Bank recorded a net trading gain of TRY 3.277 billion in 1Q26, following the loss booked in the previous quarter.

Türkiye İş Bankası has maintained its 2026 guidance. The Bank expects mid-30% growth in TL loans, a swap-adjusted net interest margin of around 5%, and 40% growth in net fee and commission income. The NPL ratio is projected to remain at around 4%, while the net cost of risk is expected to stay below 250 basis points.

We evaluate Türkiye İş Bankası's 1Q26 financial results as "Neutral", despite the stronger-than-expected net profit, mainly supported by the solid performance in other income items. **Following our revisions, we reduce our 12-month target price to TRY 23.16 from TRY 29.61, while maintaining our "Outperform" recommendation.** Our target price implies a 65% upside potential from current levels. The Bank is currently trading at 3.2x P/E and 0.69x P/BV multiples, with an average ROE projection of 24%.

Rating	Outperform
Target price (TRY)	23,16
Upside	65%
Previous rating	Outperform
Previous target price (TRY)	29,61

	TRY	US\$
Close	14,01	0,31
BIST 100	14.496	321
US\$/TRY (CBT Bid Rate):	45,13	
52 Week High:	17,46	0,40
52 Week Low:	9,68	0,25
Bloomberg Ticker:	ISCTR.TI	

Number of Shares (Mn): 25.000

	(TRY Mn)	(US\$ Mn)
Current Mcap:	350.250	7.765
Free Float Mcap:	108.577	2.407
Avg. Daily Volume:	7.523	176

Expectations (TRY mn)	Actual	Seker	Diff.	Cons.	Diff.
Net income	20.357	15.174	34,2%	17.684	15,1%

	4Q25	1Q26	QoQ	1Q25	YoY
Net income (TRY mn)	23.438	20.357	-13%	12.418	64%

Forecasts (TRY mn)	2023A	2024A	2025A	2026E	2027E
Net income	72.265	45.517	67.441	110.148	191.370
BV	267.797	318.338	427.635	510.936	677.268

Valuation	2023A	2024A	2025A	2026E	2027E
P/E (x)	3,2	7,4	5,2	3,2	1,8
P/BV (x)	0,87	1,06	0,82	0,69	0,52
ROAA	3,8%	1,6%	1,7%	2,0%	2,7%
ROAE	33,3%	15,8%	18,6%	24,2%	32,9%

Returns (%)	1M	3M	6M	12M	YTD
TRY Return:	6,5	-11,9	11,5	43,5	3,7
US\$ Return:	4,9	-15,2	3,9	22,1	-1,5
BIST 100 Relative:	-4,9	-17,4	-15,6	-9,8	-19,5

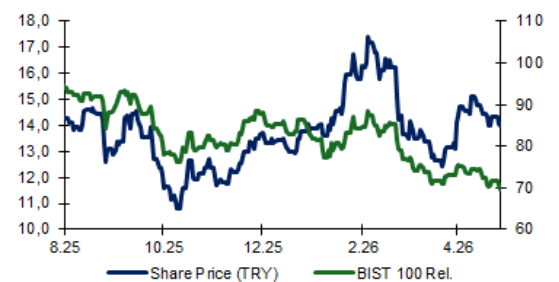


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	3M25	12M25	3M26	QoQ	YoY	YtD
Security portfolio	700.404	774.904	820.926	5,9%	17,2%	5,9%
Loans	1.774.559	2.305.096	2.469.979	7,2%	39,2%	7,2%
Total assets	3.676.743	4.624.940	4.935.547	6,7%	34,2%	6,7%
Deposits	2.440.939	3.098.900	3.267.809	5,5%	33,9%	5,5%
TRY deposits	1.373.575	1.737.716	1.786.407	2,8%	30,1%	2,8%
FC deposits	1.067.364	1.361.183	1.481.402	8,8%	38,8%	8,8%
Shareholder's equity	326.439	427.635	420.575	-1,7%	28,8%	-1,7%
Total liabilities	3.676.743	4.624.940	4.935.547	6,7%	34,2%	6,7%

Source: Bank financials, Seker Invest Research

Figure 2: Summary income statement

(Bank-only, TRYmn)	1Q25	4Q25	1Q26	QoQ	YoY	Mar. 25	Mar. 26	YoY
Net interest income (Swap adj)	10.577	31.142	33.674	8,1%	218,4%	10.577	33.674	218,4%
Net fee and commission income	26.974	38.582	38.075	-1,3%	41,2%	26.974	38.075	41,2%
Dividends	9.504	14.277	12.279	-14,0%	29,2%	9.504	12.279	29,2%
Net trading gain/loss	3.171	-237	3.277	-1481,3%	3,3%	3.171	3.277	3,3%
Other operating income	2.380	7.830	2.152	-72,5%	-9,6%	2.380	2.152	-9,6%
Provisions (net)	9.101	16.387	12.699	-22,5%	39,5%	9.101	12.699	39,5%
OPEX	31.560	45.610	53.603	17,5%	69,8%	31.560	53.603	69,8%
Net operating profit before taxes	11.951	29.606	23.164	-21,8%	93,8%	11.951	23.164	93,8%
Tax provision	-466	6.167	2.807	-54,5%	-701,7%	-466	2.807	-701,7%
Net profit	12.418	23.438	20.357	-13,1%	63,9%	12.418	20.357	63,9%

Source: Bank financials, Seker Invest Research

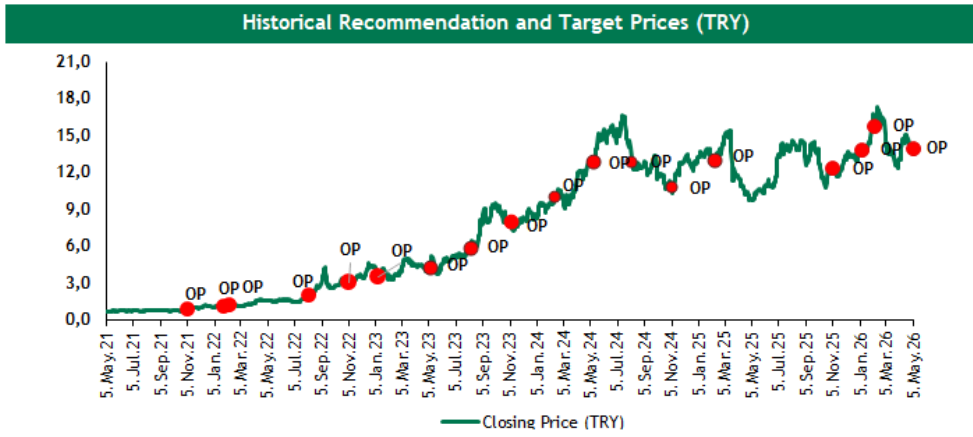
Figure 3: Balance sheet ratios

Funding structure	1Q25	4Q25	1Q26	QoQ	YoY	YtD
LDR	73%	74%	76%	1,2%	2,9%	1,2%
TRY LDR	84%	85%	89%	3,8%	5,1%	3,8%
FX LDR	63%	61%	60%	-1,2%	-2,9%	-1,2%
Demand deposits/Deposits	40%	43%	42%	-0,5%	1,8%	-0,5%
Time deposits/Deposits	60%	57%	58%	0,5%	-1,8%	0,5%
Asset quality	1Q25	4Q25	1Q26	QoQ	YoY	YtD
NPL Ratio	2,4%	3,2%	3,5%	0,3%	1,1%	0,3%
Total CoR (Quarterly)	2,03%	2,77%	1,97%	-0,8%	-0,1%	-0,8%
Total CoR (Cumulative)	1,18%	2,20%	1,97%	-0,2%	0,8%	-0,2%
Stage 1 loans/Total loans	88,5%	85,6%	84,5%	-1,1%	-4,0%	-1,1%
Stage 2 loans/Total loans	9,1%	11,2%	12,0%	0,9%	2,9%	0,9%
Total provisions/NPL	137,5%	117,1%	111,4%	-5,7%	-26,1%	-5,7%
Capital adequacy and leverage	1Q25	4Q25	1Q26	QoQ	YoY	YtD
CET1	14,5%	15,5%	11,7%	-3,7%	-2,8%	-3,7%
Tier I	15,3%	16,3%	12,4%	-3,9%	-2,9%	-3,9%
CAR	17,0%	18,5%	15,2%	-3,4%	-1,8%	-3,4%
Leverage	11,26	10,82	11,74	0,92	0,47	0,92
Currency breakdown	1Q25	4Q25	1Q26	QoQ	YoY	YtD
TRY Loans/Loans	64,7%	64,0%	64,1%	0,1%	-0,6%	0,1%
FX Loans /Loans	37,7%	36,0%	35,9%	-0,1%	-1,9%	-0,1%
TRY Deposits/Deposits	56,3%	56,1%	54,7%	-1,4%	-1,6%	-1,4%
FX Deposits/Deposits	43,7%	43,9%	45,3%	1,4%	1,6%	1,4%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	1,4%	2,1%	1,7%	-0,42%	0,28%	-0,42%
ROAE	15,4%	23,2%	19,2%	-4,00%	3,79%	-4,00%
NIM (Swap adj.)	1,4%	3,2%	3,2%	0,01%	1,86%	0,01%
Figure 4: Profitability ratios (Cumulative)	1Q25	4Q25	1Q26	QoQ	YoY	YtD
ROAA	1,4%	1,7%	1,7%	0,00%	0,28%	0,00%
ROAE	15,4%	18,6%	19,2%	0,61%	3,79%	0,61%
NIM (Swap adj.)	1,4%	2,0%	3,2%	1,25%	1,86%	1,25%
Efficiency ratios	1Q25	4Q25	1Q26	QoQ	YoY	YtD
Cost/Assets	3,6%	4,1%	4,5%	0,36%	0,88%	0,36%
Fees (net)/Assets	3,1%	3,5%	3,2%	-0,30%	0,10%	-0,30%
Fees (net)/OPEX	85,5%	84,6%	71,0%	-13,56%	-14,44%	-13,56%

Source: Bank financials, Seker Invest Research



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
06.May.26	Outperform (OP)	23,16

Source: Seker Invest Research

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

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /İST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com.tr
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com.tr
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Basak Kamber	Glass, Pharmaceutical, Defense, Telcos, Cons. Dur.	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com.tr
M. Mucahid Yıldırım	Banks	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com.tr
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com.tr
O. Furkan Ozdemir	Iron & Steel, Oil- Gas & Deriv.	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com.tr

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com.tr
------------------	-----------------	---------------------	--

Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com.tr
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

DISCLAIMER

I, Mücahid Yıldırım, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by the Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.) Research Team. The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2026 Şeker Invest