İşbank

3Q26 Earnings review

Earnings beat, limited margin recovery

Mücahid Yıldırım
Analyst
myildirim@sekeryatirim.com.tr
+90 (212) 334 3333 ext.150

İşbank has posted a bank-only net income of TRY 10.42 bn in 3Q26. Net income rose 7.9% QoQ but declined 26.7% YoY. The result beat the market expectation (TRY 9.4 bn) by 11% and our estimate (TRY 9.3 bn) by 12%. 9M26 net income came in at TRY 40.43 bn, down 8.1% YoY.

Swap-adjusted net interest margin is recovering. İşbank's swap-adjusted net interest income rose 20.4% QoQ to TRY 24.39 bn, lifting the swap-adjusted NIM from 2.10% to 2.41%. Higher TL deposit costs weighed on the margin, while income from CPI-linked securities (TRY 12.12 bn) and a lower swap cost supported it. Management kept its 2026 swap-adjusted NIM guidance at 3.2–3.4% and guided for an exit margin of 4.5%. Our model assumes a 2026 NIM of 2.76%, below guidance, reflecting a more cautious view on the margin recovery.

Fees strong on a yearly basis, opex growth high. Net fees and commissions fell 2.3% QoQ in 3Q26 (TRY 44.19 bn) but grew 33.1% YoY to TRY 127.49 bn in 9M26. Operating expenses rose 58.1% YoY to TRY 165.12 bn in 9M26, running above management's "mid-40s" guidance. Dividend income from participations made a sizable contribution of TRY 11.33 bn in the quarter.

Asset quality continues to deteriorate, in line with the sector. The NPL ratio rose from 3.76% to 4.20%, with new NPL inflows of TRY 32.5 bn in the quarter (2Q26: TRY 26.5 bn). Stage 3 coverage stood at 61.7%. Net provisions rose 12.6% QoQ to TRY 17.54 bn, putting net cost of risk at 252 bps in 3Q26 and 245 bps in 9M26 (cumulative).

IRB transition strengthened capital ratios. The bank moved to the internal ratings-based approach for credit risk from July 2026, cutting the RWA-to-assets ratio from 69.5% to 59.5%. The CET1 ratio rose from 12.08% to 13.46%, and the CAR reached 17.23%.

The bank maintained its 2026 guidance but noted that downside risks on opex and fees may prevent it from fully delivering its 20% ROE target, while an ROE above 15% remains achievable. We revised our estimates following the 3Q26 results. As we did for Akbank, Garanti BBVA, TSKB and Yapı Kredi, we have moved our İşbank valuation to the residual income (RI) model. **We revise our 12-month target price from TRY 21.57 to TRY 20.81 and maintain our OUTPERFORM rating with 59% upside. The stock trades at 5.2x 2026E P/E and 0.68x P/BV.**

Rating	**Outperform**
Target price (TRY)	**20.81**
Upside	**59%**
Previous rating	Outperform
Previous target price (TRY)	21.57

	TRY	US$
Close	13.05	0.26
BIST 100	11,333	227
US$/TRY (CBT Bid Rate):	49.94	
52 Week High:	17.46	0.40
52 Week Low:	11.48	0.23
Bloomberg Ticker:	ISCTR.TI	

Number of Shares (Mn):	25,000

	(TRY Mn)	(US$ Mn)
Current Mcap:	326,250	6,533
Free Float Mcap:	101,137	2,025
Avg. Daily Volume:	8,162	181

Expectations 3Q26 (TRY mn)	**Actual**	**Seker**	**Diff.**	**Cons.**	**Diff.**
Net income	10,421	9,300	12.1%	9,398	10.9%

	2Q26	**3Q26**	**QoQ**	**3Q25**	**YoY**
Net income (TRY mn)	9,656	10,421	8%	14,213	-27%

Forecasts (TRY mn)	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**
Net income	72,265	45,517	67,441	63,014	132,468
BV	267,797	318,338	427,635	479,714	603,402

Valuation	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**
P/E (x)	3.2	7.4	5.2	5.2	2.5
P/BV (x)	0.87	1.06	0.82	0.68	0.54
ROAA	3.8%	1.6%	1.7%	1.2%	2.0%
ROAE	33.3%	15.8%	18.6%	14.1%	25.0%

Returns (%)	**1M**	**3M**	**6M**	**12M**	**YtD**
TRY Return:	1.4	5.8	-6.9	3.9	-3.4
US$ Return:	-0.6	0.5	-15.9	-12.6	-17.1
BIST 100 Relative:	11.3	27.9	19.1	0.5	-4.0

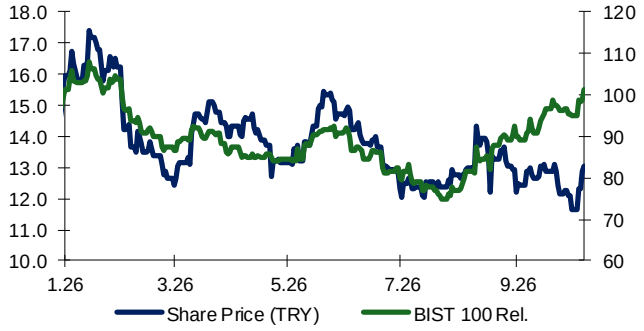


Figure 1: Summary balance sheet

(Bank-only, TRYmn)	9M25	6M26	9M26	QoQ	YoY	YtD
Security portfolio	762,161	859,113	843,448	-1.8%	10.7%	8.8%
Loans	2,120,221	2,606,420	2,719,589	4.3%	28.3%	18.0%
Total assets	**4,220,641**	**5,091,171**	**5,299,209**	**4.1%**	**25.6%**	14.6%
Deposits	**2,850,511**	**3,397,986**	**3,547,003**	**4.4%**	**24.4%**	**14.5%**
TRY deposits	1,599,075	1,935,803	1,990,290	2.8%	24.5%	14.5%
FC deposits	1,251,436	1,462,183	1,556,713	6.5%	24.4%	14.4%
Shareholder's equity	380,645	453,172	457,134	0.9%	20.1%	6.9%
Total liabilities	**4,220,641**	**5,091,171**	**5,299,209**	**4.1%**	**25.6%**	**14.6%**

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)	18,674	20,251	24,388	20.4%	30.6%	37,892	78,312	106.7%
Net fee and commission income	36,024	45,226	44,187	-2.3%	22.7%	95,769	127,488	33.1%
Dividends	10,028	15,405	11,329	-26.5%	13.0%	34,211	39,013	14.0%
Net trading gain/loss	2,014	-4,502	58	n.m.	-97.1%	5,926	-1,167	-119.7%
Other operating income	777	588	1,536	161.3%	97.6%	3,914	4,276	9.2%
Provisions (net)	15,270	15,580	17,541	12.6%	14.9%	31,424	45,820	45.8%
OPEX	38,277	56,054	55,466	-1.0%	44.9%	104,412	165,123	58.1%
Net operating profit before taxes	13,978	5,602	8,501	51.8%	-39.2%	42,081	37,267	-11.4%
Tax (income/expense)	235	4,054	1,920	-52.6%	718.0%	1,921	3,167	64.8%
Net profit	**14,213**	**9,656**	**10,421**	**7.9%**	**-26.7%**	**44,002**	**40,434**	**-8.1%**

Source: Bank financials, Seker Invest Research

Figure 3: Balance sheet ratios

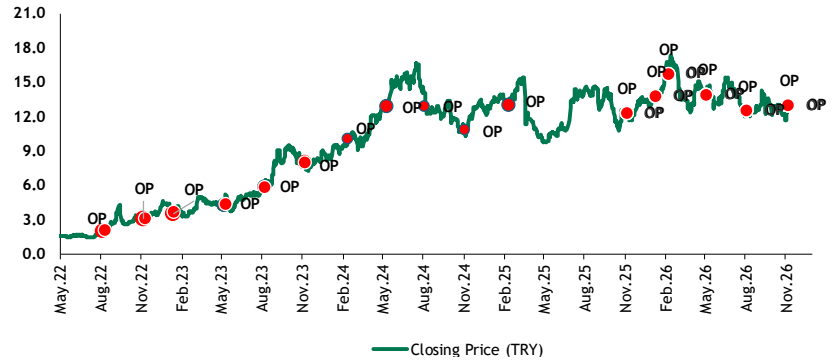
Funding structure	3Q25	2Q26	3Q26	QoQ	YoY	YtD
LDR	74%	77%	77%	0.0%	2.3%	2.3%
TRY LDR	82%	87%	88%	0.5%	5.0%	2.6%
FX LDR	64%	63%	63%	-0.2%	-1.2%	1.8%
Demand deposits/Deposits	42%	41%	43%	1.4%	1.2%	0.0%
Time deposits/Deposits	58%	59%	57%	-1.4%	-1.2%	0.0%
Asset quality	**3Q25**	**2Q26**	**3Q26**	**QoQ**	**YoY**	**YtD**
NPL Ratio	2.7%	3.8%	4.2%	0.4%	1.5%	1.0%
Total CoR (Quarterly)	2.88%	2.36%	2.52%	0.2%	-0.4%	-0.3%
Total CoR (Cumulative)	2.07%	2.21%	2.45%	0.2%	0.4%	0.2%
Stage 1 loans/Total loans	86.8%	83.6%	82.5%	-1.1%	-4.3%	-3.1%
Stage 2 loans/Total loans	10.5%	12.7%	13.3%	0.6%	2.8%	2.1%
Total provisions/NPL	130.3%	109.4%	105.8%	-3.6%	-24.5%	-11.3%
Capital adequacy and leverage	**3Q25**	**2Q26**	**3Q26**	**QoQ**	**YoY**	**YtD**
CET1	14.8%	12.1%	13.5%	1.4%	-1.3%	-2.0%
Tier I	15.6%	12.7%	14.2%	1.5%	-1.3%	-2.0%
CAR	17.9%	15.4%	17.2%	1.8%	-0.6%	-1.3%
Leverage	11.09	11.23	11.59	0.36	0.50	0.78
Currency breakdown	**3Q25**	**2Q26**	**3Q26**	**QoQ**	**YoY**	**YtD**
TRY Loans/Loans	62.2%	64.6%	64.0%	-0.6%	1.8%	0.1%
FX Loans /Loans	37.8%	35.4%	36.0%	0.6%	-1.8%	-0.1%
TRY Deposits/Deposits	56.1%	57.0%	56.1%	-0.9%	0.0%	0.0%
FX Deposits/Deposits	43.9%	43.0%	43.9%	0.9%	0.0%	0.0%

Source: Bank financials, Seker Invest Research

Figure 4: Profitability ratios (Quarterly)	3Q25	2Q26	3Q26	QoQ	YoY	YtD
ROAA	1.4%	0.8%	0.8%	0.03%	-0.58%	-1.32%
ROAE	15.3%	8.8%	9.2%	0.32%	-6.18%	-14.04%
Swap-adj. NIM	2.4%	2.1%	2.4%	0.31%	0.04%	-1.30%
Figure 4: Profitability ratios (Cumulative)	**3Q25**	**2Q26**	**3Q26**	**QoQ**	**YoY**	**YtD**
ROAA	1.5%	1.2%	1.1%	-0.15%	-0.46%	-0.62%
ROAE	16.9%	13.8%	12.3%	-1.57%	-4.67%	-6.33%
Swap-adj. NIM	1.7%	2.9%	2.7%	-0.17%	0.99%	0.44%
Efficiency ratios	**3Q25**	**2Q26**	**3Q26**	**QoQ**	**YoY**	**YtD**
Cost/Assets	3.6%	4.5%	4.5%	-0.01%	0.86%	0.74%
Fees (net)/Assets	3.4%	3.2%	3.6%	0.42%	0.18%	0.09%
Fees (net)/OPEX	94.8%	71.0%	80.7%	9.65%	-14.10%	-13.43%

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
06.May.26	Outperform (OP)	23.16
04.Aug.26	Outperform (OP)	21.57
06.Nov.26	Outperform (OP)	20.81

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 /IST
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.asp

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, Insurance**	**+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