

Akbank

BUY

Review of 4Q25 Financials & Target Price Revision

Upside Potential 30%

Akbank 4Q25: In-line earnings; guidance points to above-inflation ROAE through the mid-cycle

Akbank delivered TL 18.3bn net income in 4Q25, broadly in line with consensus (TL 18.0bn) and our estimate (TL 18.1bn). Annualized ROAE accelerated to 25% in 4Q, up 400bps QoQ, while FY25 ROAE settled at 22%, confirming a visible recovery in profitability metrics.

As expected, widening TL loan–deposit spreads and disciplined funding cost management drove a ~50bps QoQ expansion in swap-adjusted (CPI-adjusted) NIM, lifting FY25 NIM to 2.5%. This margin recovery was achieved despite a sequential decline in CPI linker income to TL 16.6bn (from TL 17.2bn in 3Q25). That said, elevated swap costs, driven by higher utilization levels and downward repricing of earning assets, capped further margin upside in the quarter. Nevertheless, Akbank exited 2025 with a 3.1% swap-adjusted NIM, which management expects to trend higher throughout 2026, supported by easing monetary conditions.

The moderation in net fee income momentum and lackluster other income performance were largely offset by a sharp decline in provisioning expenses (down 36% QoQ), strong subsidiary contributions, and contained operating cost growth (up 5% QoQ). Net fee income remained a structural earnings pillar, posting 64% YoY growth, materially outperforming guidance and reinforcing the bank's core revenue resilience.

2026 Guidance: Clear inflection in earnings quality and mid-cycle RoAE

Management's 2026 outlook signals a meaningful step-up in profitability and earnings sustainability, extending into the mid-cycle:

- >30% TL loan growth and high-teens FX loan growth (USD terms), excluding the recent regulatory amendments
- >30% net fee income growth
- Low-30s operating expense growth
- Average swap-adjusted NIM of ~4%, implying ~150bps YoY expansion
- NPL ratio of ~3.5% with net CoR of c.200bps
- ROAE in the high-20s, comfortably above expected inflation

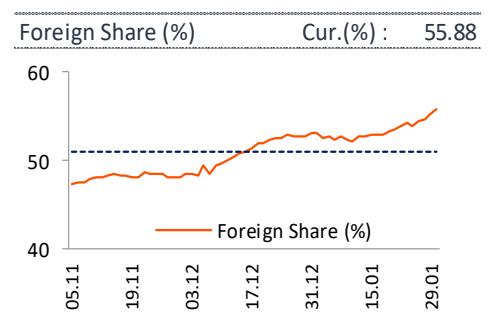
Stock Data	TL
Price	90.95
Target Price*	118.00
Prev.TP	96.00
Mcap (mn)	472,940
Float Mcap (mn)	253,732
Avg.Daily Volume (3M, mn)	6937.1
No. of Shares Outstanding (mn)	5,200
Free Float (%)	54
Foreign Share (%)	56

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	24.3	30.3	43.4
US\$	22.9	28.6	18.1
Rel.to BIST-100	6.7	7.7	5.3

Multiples	2024	2025	2026
P/E	11.2	8.3	5.1
P/BV	2.0	1.5	1.2



3M Range (Close TL)	58.30	92.95
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Dr.Bulent Sengonul
bsengonul@isyatirim.com.tr
+90 212 350 25 66

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In our view, this guidance should be well received by the market, as it points to structural value creation driven by recurring core earnings, rather than transient tailwinds. Importantly, management reiterated its mid-term NIM target of ~4%, while highlighting a mid-cycle ROAE objective of c.10pp above underlying inflation, underscoring a disciplined capital allocation framework.

Highlights of the Quarter

Margins continue to inflect positively

Margin recovery gained traction in 4Q25. Headline swap-adjusted NIM expanded 50bps QoQ, or ~60bps on a CPI-normalized basis, supported by TL spread normalization and effective cost control. With exit NIM at 3.1%, management guides for ~150bps cumulative margin expansion over 2026, driven by policy rate cuts and benign loan growth dynamics.

Asset quality pressures persist, but buffers remain adequate

Net NPL inflows moderated to TL 6bn (from TL 8bn QoQ), reflecting robust collections and write-offs, despite gross inflows peaking in 4Q25. Quarterly net CoR eased to 170bps, although FY25 net CoR reached 214bps, of which ~10bps was FX-driven. For 2026, management guides c.200bps net CoR, with retail portfolios remaining the primary source of incremental risk.

Fee income remains a structural growth engine

Fee generation remained resilient throughout 2025, supported by new customer acquisition, retail and card-driven loan growth, and continued diversification into non-lending fee streams. Insurance, payments, money transfers, and wealth management all delivered solid contributions. The sequential slowdown in 4Q25 fees primarily reflects lower credit card fees following rate cuts. For 2026, Akbank targets ~30% net fee growth, with cost-to-income expected in the low-40s, reinforcing operating leverage.

Valuation Impact & Outlook

While earnings delivery was neutral, forward guidance emerges as the key re-rating catalyst. The anticipated ~150bps NIM expansion and high-20s ROAE target (above inflation) form the cornerstone of the updated outlook. Furthermore, management's mid-cycle ambition of delivering ROAE c.10pp above inflation should underpin valuation support.

Reflecting improved visibility on margins and profitability, we **raise our target price to TL 118 per share from TL 96**, rolling forward our valuation horizon by one year and **removing part of the conservative risk premia** previously embedded in our assumptions. We reiterate our **BUY** recommendation for the stock.

Company Description

Akbank is a Turkey-based bank. The Bank's core business activities include retail banking, commercial banking, corporate banking, private banking, foreign exchange, money markets, securities transactions and international banking services.

Shareholder Structure (%)

Diğer
Hacı Ömer Sabancı Holding

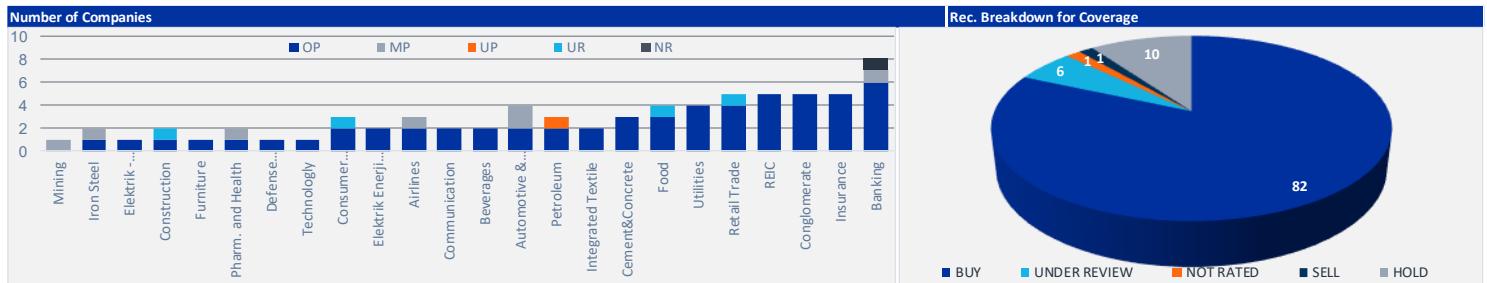
59.25
40.75

Income Statement (TL mn)	4Q24	1Q25	2Q25	3Q25	4Q25	QoQ	YoY
Net interest income	16,473	17,875	18,569	28,615	36,156	26%	119%
Net fees & commissions	20,642	22,666	25,802	33,433	32,502	(3%)	57%
Trading and investments	1,227	5,985	(2,272)	(8,239)	(8,388)	2%	n.m.
<i>Securities trading</i>	2,085	2,229	2,094	1,911	2,802	47%	34%
<i>Swap & derivatives</i>	(862)	3,752	(4,407)	(10,162)	(11,194)	10%	1,199%
<i>Dividend income</i>	3	3	42	12	4	(63%)	39%
Other income	1,275	2,686	1,352	1,216	1,114	(8%)	(13%)
Operating costs	(22,315)	(24,543)	(25,739)	(27,490)	(28,928)	5%	30%
<i>Personnel expenses</i>	(7,832)	(8,135)	(8,684)	(9,842)	(9,339)	(5%)	19%
PPOP	17,298	24,665	17,670	27,524	32,451	18%	88%
Provision expenses	(8,390)	(9,622)	(8,618)	(13,036)	(8,403)	(36%)	0%
<i>Stage III</i>	(4,146)	(7,961)	(8,015)	(8,441)	(9,959)	18%	140%
<i>Stage I&II</i>	(3,819)	(1,661)	(602)	(4,595)	1,587	n.m.	n.m.
<i>Others</i>	(424)	0	0	0	(31)	n.m.	(93%)
<i>Free</i>	0	(20)	20	0	0	n.m.	n.m.
Income from eq. method app'd subs.	2,651	2,446	2,716	2,852	3,415	20%	29%
PBT	11,563	17,472	11,830	17,352	27,467	58%	138%
Tax	2,335	3,745	705	3,288	9,136	178%	291%
Net profit	9,227	13,727	11,125	14,064	18,331	30%	99%
Balance Sheet (TL mn)	4Q24	1Q25	2Q25	3Q25	4Q25	QoQ	YoY
Customer loans	1,286,771	1,352,894	1,446,276	1,614,304	1,782,069	10%	38%
<i>Consumer</i>	18%	19%	19%	19%	19%	1%	5%
<i>Credit cards</i>	22%	22%	22%	22%	23%	1%	1%
<i>Commercial instalment</i>	9%	10%	10%	9%	10%	4%	4%
<i>Other</i>	50%	50%	49%	49%	48%	(2%)	(3%)
NPLs	37,358	47,292	52,747	60,409	65,281	8%	75%
<i>Additions</i>	38,922	14,080	27,609	42,397	57,576	36%	48%
<i>Collections</i>	18,414	3,974	7,931	12,279	16,968	38%	(8%)
<i>Write-off</i>	-4,006	-120	-3,726	-6,093	-10,894	79%	172%
Specific provisions (-)	21,981	27,911	31,550	37,165	41,596	12%	89%
Securities	572,211	619,654	658,771	705,416	726,023	3%	27%
<i>Trading & Afs</i>	371,376	411,144	454,775	489,373	496,875	2%	34%
<i>HtM</i>	200,835	208,510	203,996	216,043	229,148	6%	14%
Total assets	2,515,597	2,706,721	2,818,348	3,028,776	3,336,007	10%	33%
Customer deposits	1,562,097	1,673,573	1,803,889	1,926,816	2,071,580	8%	33%
Securities issued	95,215	91,181	131,798	166,449	199,357	20%	109%
Wholesale funding	469,387	530,606	455,186	476,631	556,855	17%	19%
Equity	240,348	242,926	258,901	277,363	310,158	12%	29%

Ratio Analysis	4Q24	1Q25	2Q25	3Q25	4Q25	QoQ	YoY
NIM, quarterly	3.01%	2.98%	2.94%	4.29%	4.98%	69bps	198bps
adjusted for swap costs	2.24%	2.15%	1.82%	2.60%	3.11%	51bps	87bps
adjusted for swap and CPI linkers	-1.03%	-0.50%	-0.69%	0.22%	0.92%	70bps	195bps
TL							
Loans	35.88%	34.87%	35.68%	34.03%	32.43%	(160bps)	(345bps)
Securities	35.86%	29.21%	33.71%	33.12%	30.32%	(279bps)	(554bps)
Deposits	36.79%	34.01%	37.44%	35.39%	32.62%	(277bps)	(417bps)
LtD spread	-0.91%	0.86%	-1.76%	-1.36%	-0.19%	117bps	73bps
FX							
Loans	7.76%	6.97%	7.09%	6.83%	6.60%	(23bps)	(115bps)
Securities	7.17%	7.40%	7.91%	8.01%	8.44%	43bps	127bps
Deposits	1.46%	1.23%	1.11%	1.08%	0.97%	(11bps)	(49bps)
LtD spread	6.29%	5.75%	5.98%	5.76%	5.64%	(12bps)	(66bps)
PPOP Margin	3.16%	4.11%	2.80%	4.13%	4.47%	35bps	132bps
NPL ratio	2.90%	3.50%	3.65%	3.74%	3.66%	(8bps)	76bps
Loan loss coverage	58.84%	59.02%	59.81%	61.52%	63.72%	220bps	488bps
Total risk reserves	124%	113%	109%	112%	108%	(388bps)	(1,545bps)
Specific CoR (stage III)	133 bps	241 bps	229 bps	221 bps	235 bps	14bps	101bps
Specific CoR (stage I&II)	123 bps	50 bps	17 bps	120 bps	(37 bps)	(157bps)	(160bps)
Total CoR (net of collections)	221 bps	219 bps	207 bps	307 bps	169 bps	(139bps)	(52bps)
Net NPL additions (annualised)	2.19%	1.02%	1.87%	2.62%	3.18%	56bps	99bps
Loans under close-watch	2.79%	2.61%	2.87%	2.47%	4.42%	194bps	163bps
Restructured or rescheduled	3.90%	4.40%	2.88%	3.48%	3.61%	13bps	(29bps)
Net NPL stock to Tier I (Texas Ratio)	6.36%	7.93%	8.14%	8.38%	7.70%	(68bps)	134bps
Net NPL stock + Group II to Tier I	21.2%	22.4%	24.1%	22.8%	33.3%	1,054bps	1,208bps
CIR	58%	53%	61%	51%	48%	(310bps)	(1,020bps)
Costs as % of average assets	3.7%	3.8%	3.7%	3.8%	3.6%	(13bps)	(9bps)
Net fees to operating costs	93%	92%	100%	122%	112%	(927bps)	1,985bps
RoAA	1.5%	2.1%	1.6%	1.9%	2.3%	38bps	76bps
RoAE	15.7%	22.7%	17.7%	21.0%	25.0%	398bps	930bps
Leverage	10.2 x	10.8 x	11.0 x	10.9 x	10.8 x	(702bps)	6,622bps
Tier-I ratio	18.13%	15.99%	16.30%	16.27%	16.25%	(2bps)	(188bps)
Total CAR	21.14%	19.96%	20.32%	20.24%	19.98%	(26bps)	(116bps)
Adj. LtD ratio *	76%	74%	73%	74%	77%	297bps	137bps
Specific prov. expense/PPOP	24%	32%	45%	31%	31%	2bps	672bps
Short term re-pricing loans to total	47%	47%	46%	48%	47%	(108bps)	(54bps)
Short term re-pricing deposits to total	69%	68%	68%	65%	64%	(51bps)	(517bps)
Saving deposits to total	60%	63%	61%	58%	53%	(500bps)	(667bps)

* adjusted for securities issued, subloans, LT FX borrowing and bank deposits

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Estimated Forward P/E & 12M Trailing P/E



Estimated Forward P/BV & Current P/BV



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