ECONOMIC RESEARCH

Selected Indicators in the Economy and the Banking Sector

September 25, 2026

Global Economy

Global Geopolitical Developments
Oil Prices
Uncertainties
Tariffs
Global Economic Activity
GDP and Per Capita Income
Energy and Commodity Prices Stock Indices
Policy Rates of Central Banks
Capital Flows
Global CPI, Interests and Yields

Global Market Highlights

The US and Iran are reportedly considering a phased agreement, mediated by Qatar, that would involve reopening the Strait of Hormuz and lifting the US blockade on Iranian ports. Iran's proposal envisages reopening Hormuz within seven days in return for the immediate removal of the blockade, the release of frozen assets and an end to hostilities across all fronts. However, the rapid breakdown of the parties' previous fragile ceasefire warrants a cautious assessment of the deal's prospects for implementation.

Hawkish Fed communication, stronger-than-expected US PMI readings and a weak five-year Treasury auction pushed Treasury yields higher. More broadly, bond markets are pricing not only the current monetary tightening cycle but also a more persistent higher-rate regime. Rising government borrowing needs, fiscal-discipline concerns, geopolitical uncertainty and elevated energy costs are reinforcing the view that long-term yields may settle at structurally higher levels than in the past.

Hawkish remarks from Fed officials suggest that another rate hike before year-end remains under consideration to counter the risk of persistent inflation. Philadelphia Fed President Paulson noted that underlying inflation remains stubbornly in the 2.5%-3% range, while resilient growth, a near-full-employment labour market, the energy shock and AI-related investment continue to sustain price pressures. Williams, Hammack and Barkin similarly warned that successive supply shocks stemming from tariffs, energy, technology and healthcare costs could unsettle inflation expectations.

The OECD said global inflation is expected to remain higher than previously projected in 2027, reflecting renewed energy-price shocks and strong demand pressures. The organisation revised up its inflation forecasts for all G20 economies except China and Saudi Arabia, lifting its G20 inflation projection to 3.6%. Its 2027 inflation forecasts for the US and the euro area were both raised by 0.5 percentage points, to 2.6% and 2.9%, respectively.

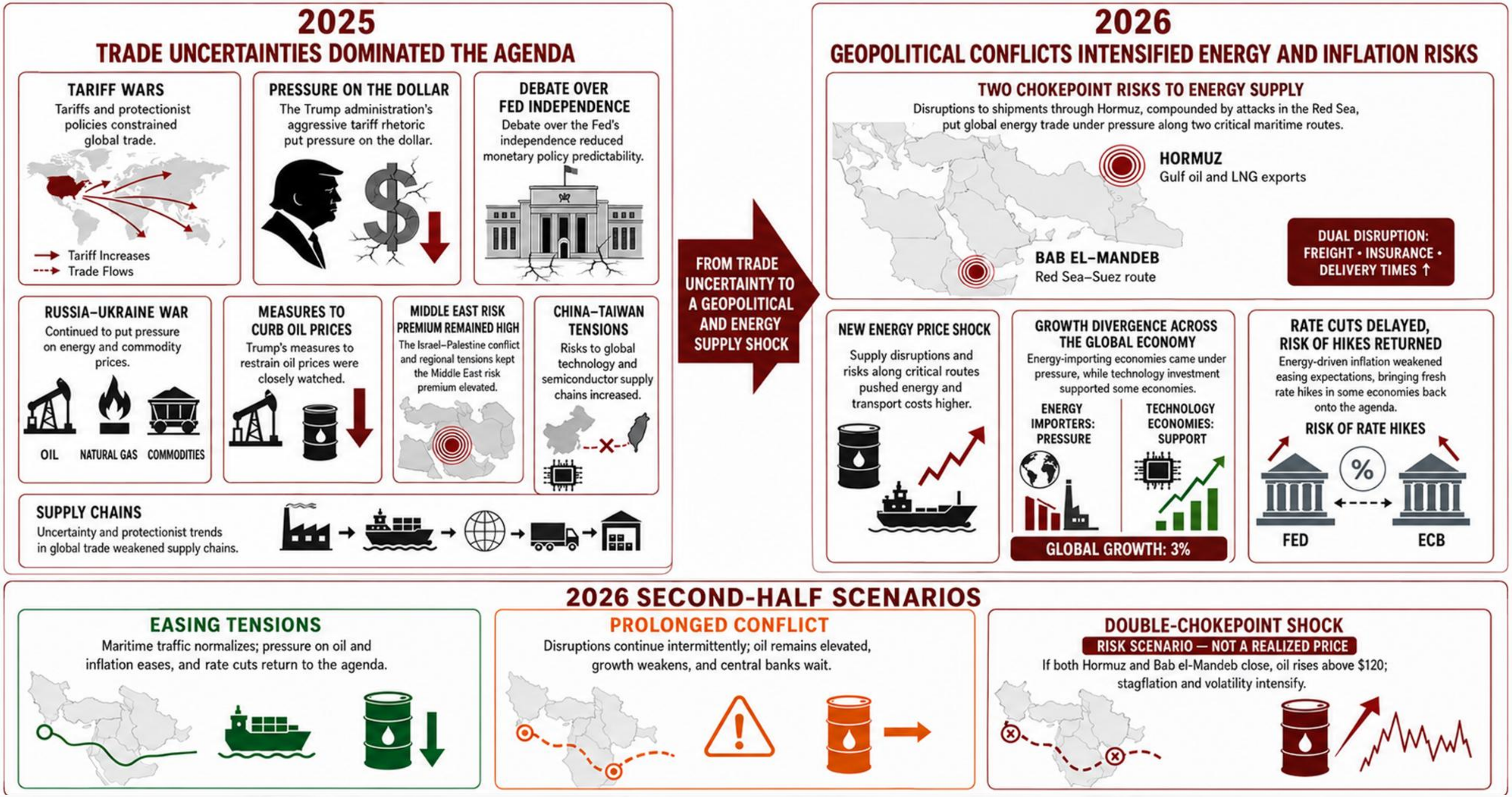
- The OECD stressed that central banks should maintain a tight monetary-policy stance, as inflation remains above target in many economies. It expects the Fed to deliver one more rate increase by year-end, alongside modest additional tightening in the euro area, Australia and South Korea, and further rate hikes in Japan.

- While the global growth outlook is broadly unchanged from the June projections, conflict in the Middle East and uncertainty surrounding trade policies remain the main downside risks. The OECD also underscored the need to strengthen public finances amid rising bond yields. While AI could support growth and productivity, weaker-than-expected returns on investment could pose risks to financial-market valuations and related sectors.

The Euro Area economy has remained more resilient than expected despite the energy shock, while September PMI data indicate strengthening growth momentum alongside renewed price pressures, reinforcing expectations of **further monetary tightening by the ECB.** The Euro Area Composite PMI rose from 52.0 to 53.1 in September, signaling that economic activity remained robust despite higher energy costs. The Services PMI increased to 53.0, while the Manufacturing PMI held steady at 52.7, with composite indicators also improving in Germany and France. Meanwhile, input costs and selling prices rose at their fastest pace in four months, suggesting that higher energy prices are feeding into broader inflationary pressures.

ECB Chief Economist Philip Lane said that a second wave of increases in oil and natural gas prices is likely to keep Euro Area inflation higher and more persistent, with a return toward the inflation target expected to begin only from mid-2027. The energy shock is expected to push up food, electricity and goods prices, while pressures on services inflation should remain more contained. Provided the shock does not intensify, moderate growth is expected to continue, supported by public investment and EU funds. However, persistently high energy prices could strengthen the case for additional monetary tightening.

Trade Uncertainty → Geopolitical and Energy Security Shock



IMF World Economic Outlook, July 2026

IMF's 2026 and 2027 Growth Projections (July 2026, % Change)					
IMF	Forecasts	Projections		Difference Compared to April 2026 Projections	
	2025	2026	2027	2026	2027
World	3,5	3,0	3,4	-0,1	0,2
Advanced Countries	1,9	1,7	1,8	-0,1	0,1
United States	2,1	2,3	2,2	0,0	0,1
Euro Zone	1,4	0,9	1,2	-0,2	0,0
Germany	0,2	0,7	1,0	-0,1	-0,2
France	0,9	0,6	0,9	-0,3	0,0
Italy	0,5	0,5	0,5	0,0	0,0
Spain	2,8	2,1	1,8	0,0	0,0
Japan	1,1	0,6	0,7	-0,1	0,1
United Kingdom	1,4	1,0	1,3	0,2	0,0
Canada	1,9	1,1	1,7	-0,4	-0,2
Developing Countries	4,5	3,8	4,5	-0,1	0,3
China	5,0	4,6	4,1	0,2	0,1
India	7,7	6,4	6,7	-0,1	0,2
Brazil	2,3	2,4	2,2	0,5	0,2
Mexico	0,5	1,2	1,9	-0,4	-0,3
Russia	1,0	1,1	1,1	0,0	0,0
South Africa	1,1	1,1	1,3	0,1	0,0
Türkiye	3,6	2,9	3,6	-0,5	0,1

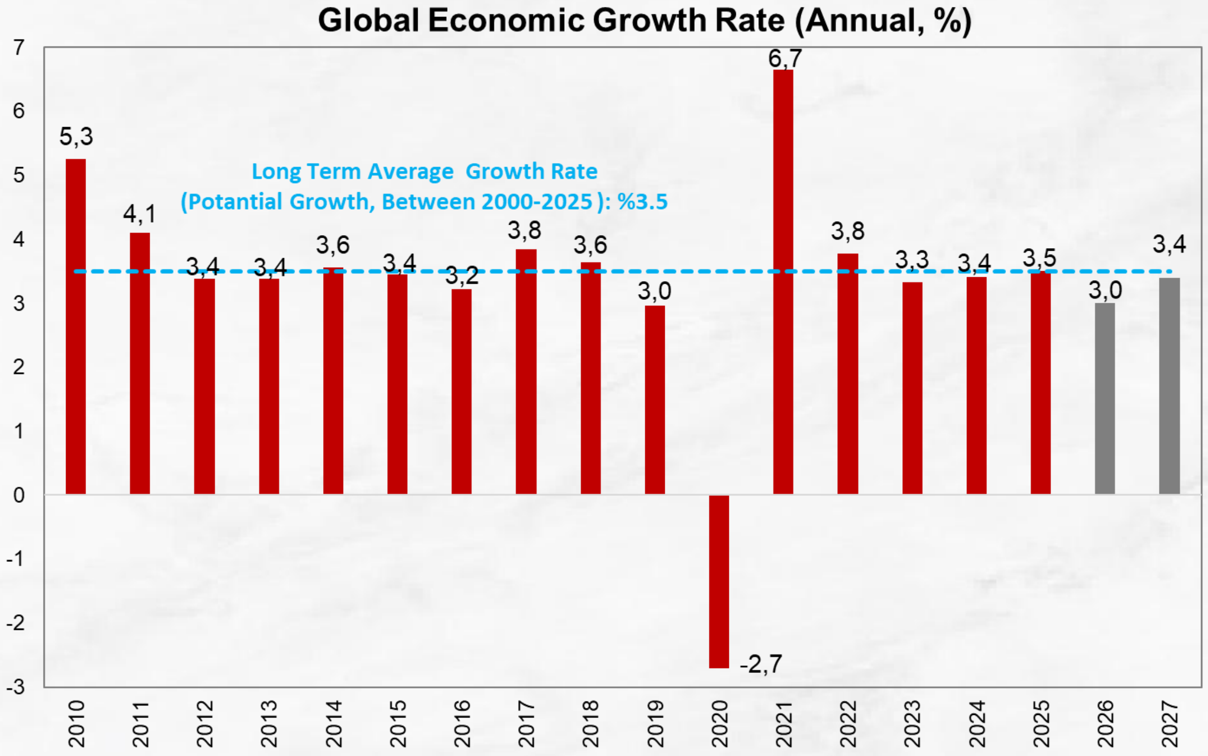
Source: IMF, World Economic Outlook Report, July 2026.

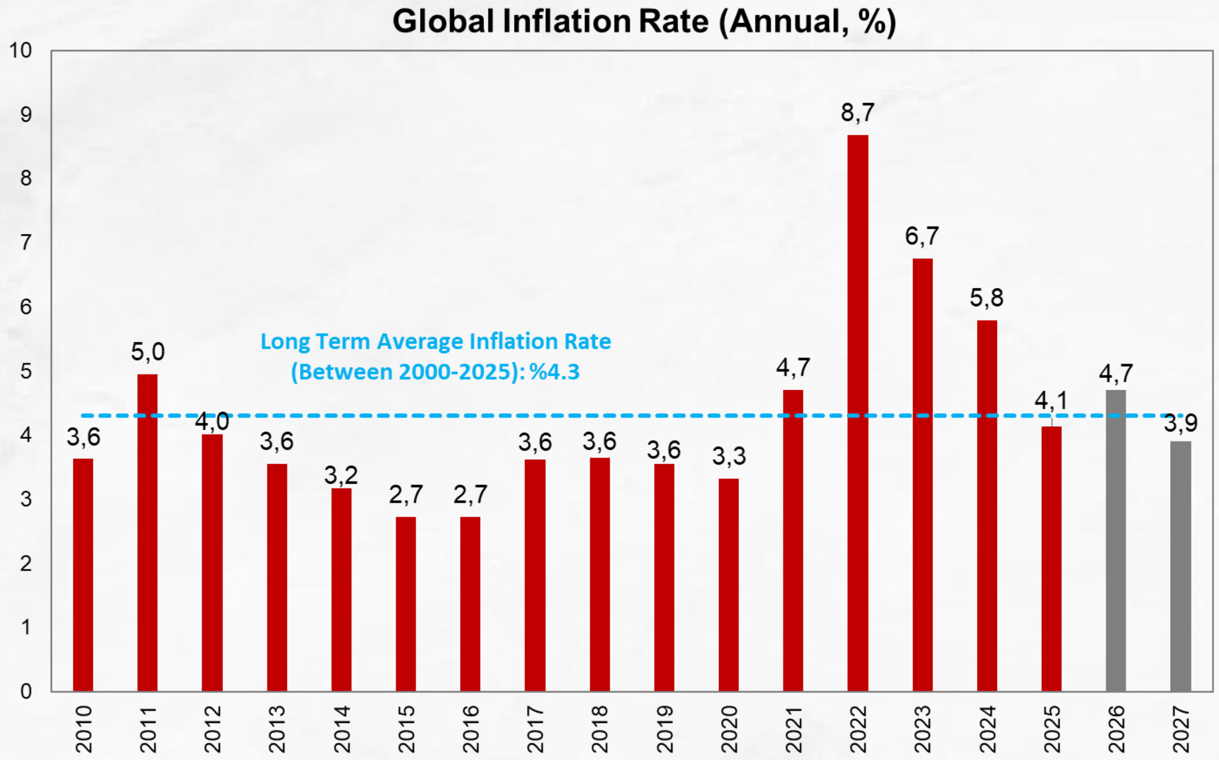
According to the IMF, the global economic growth rate was revised downwards from 3.1% to 3% for 2026, while it was slightly revised upwards from 3.2% to 3.4% for 2027. It was noted that these rates fall below the average growth rate of 3.5% recorded during the 2024-2025 period.

- IMF stated that the limited slowdown expected in the global economy this year was largely due to the war in the Middle East, but emphasized that advancements in AI and the increasing widespread use of the technology have offset some of this negative impact by stimulating demand in the global technology sector.
- It was noted that the effects on growth vary depending on countries' exposure to the war and their position in the technology value chain.
- While the risks to the economic outlook have become more balanced compared to April, they remain skewed to the downside. The possibility of a renewed escalation of conflict in the Middle East was highlighted, and such a development could increase volatility in commodity prices, threaten supply chains, raise prices, and put pressure on financial conditions.
- It was also pointed out that the fragmentation in the trade could accelerate, negatively impacting economic output and increasing prices.
- It was stated that **global headline inflation** is expected to rise from 4.1% in 2025 to 4.7% in 2026 (previous: 4.4%), and then fall to 3.9% in 2027 (previous: 3.7%), emphasizing that these revised estimates indicate a pause in the disinflation trend that has continued since the beginning of 2024.

Global Growth and Inflation

Global growth in 2026 is expected to remain below average, while inflation is projected to stay slightly above average.





Source: IMF expectations reflect the July projections.

Global shocks on the agenda.

The new conflict in the Middle East poses a significant risk to the global economy. Approximately 20% of global oil supply and LNG trade passes through the Strait of Hormuz.

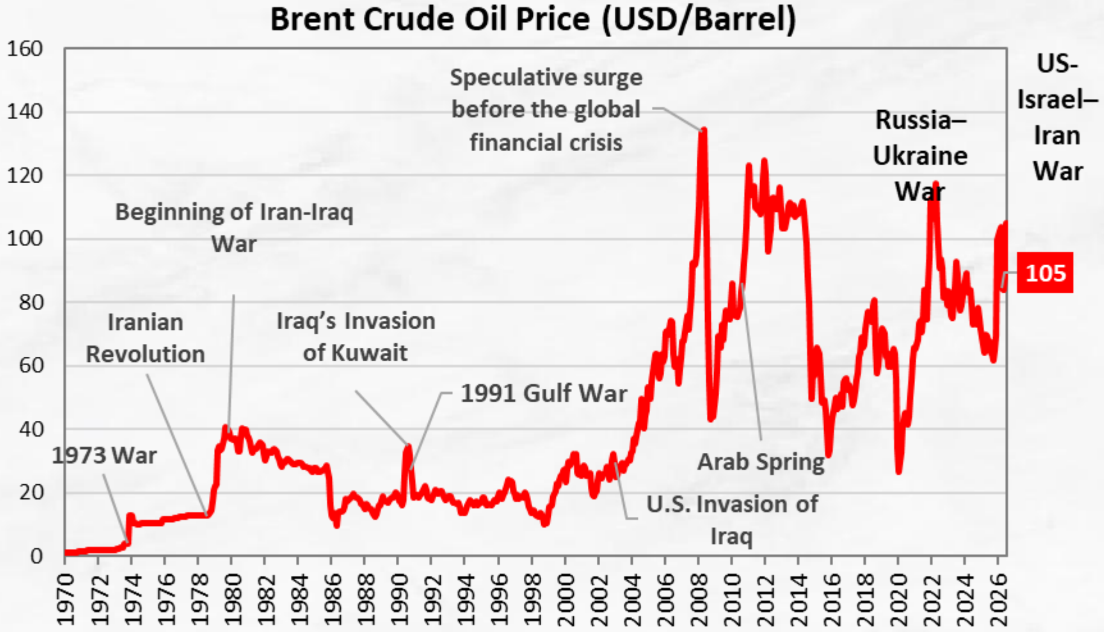
According to IMF calculations, **a sustained 10% increase in oil prices could raise global inflation by approximately 40 basis points while reducing global production by 0.1–0.2%.**

Oil Prices

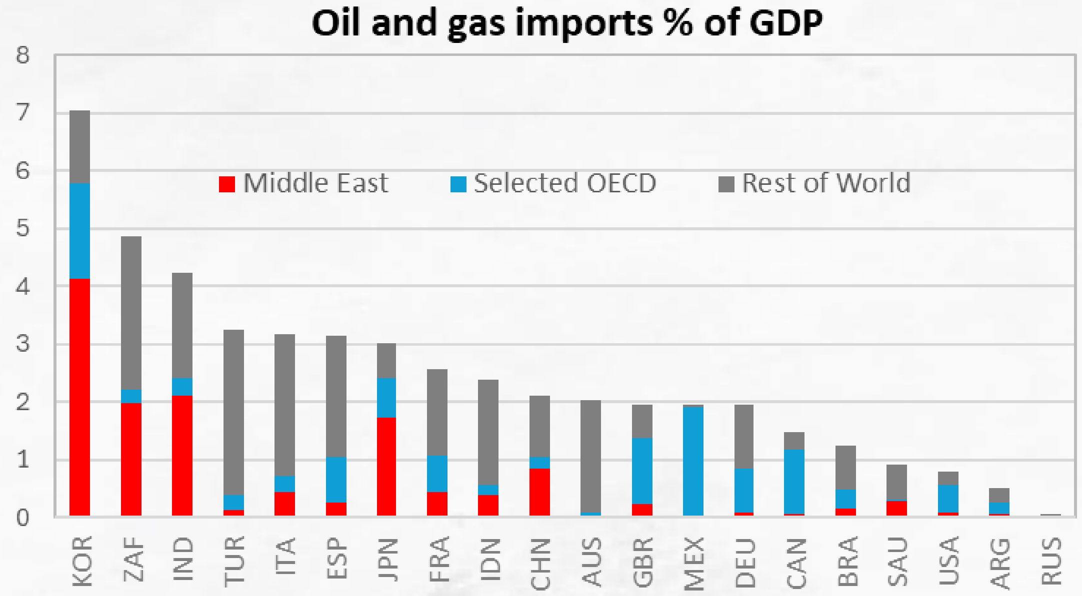
Diplomatic reports pointing to the reopening of the Strait of Hormuz have relatively contained the supply risk premium in oil markets.

Brent crude oil prices reached their highest levels since 2022 at the end of April, hitting $126 per barrel.

A large share of LNG exports (93% for Qatar and 96% for the UAE) depends on the Strait of Hormuz, with no alternative routes available; therefore, any disruption would quickly affect energy-import-dependent countries in Asia.



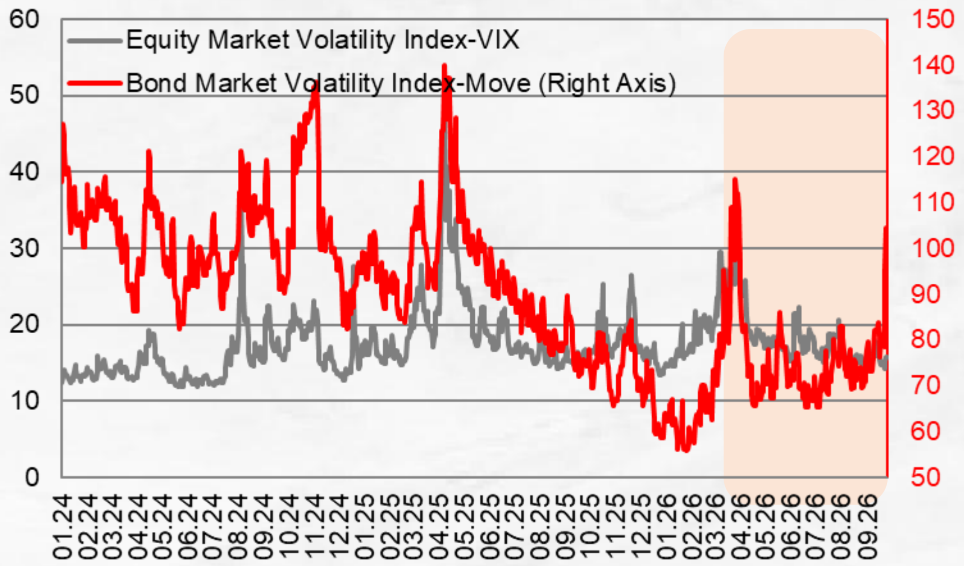
Source: Bloomberg.

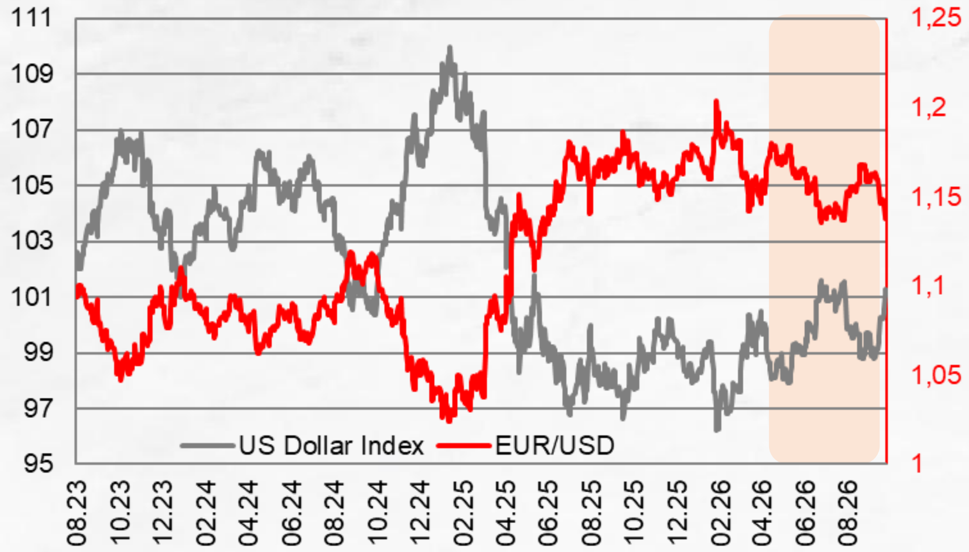


Source: OECD*

*Note: Based on nominal import values. This indicator represents oil and gas imports as a share of a country's GDP. The Middle East includes Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, Oman, and the United Arab Emirates. Selected OECD countries include Australia, Canada, Colombia, Mexico, Norway, and the United States. The rest of the world refers to all other countries.

Global Risk Sentiment and Dollar





The sharp rise in the MOVE Index indicated that bond markets remain the main source of risk for the global financial system.

***VIX (Volatility Index)** – Often called the *"fear gauge"*, the VIX measures the **expected volatility of the S&P 500 index** based on option prices. It reflects **market sentiment and investor uncertainty**; a higher VIX indicates greater expected market volatility.

****MOVE (Merrill Lynch Option Volatility Estimate) Index** – The MOVE Index tracks **implied volatility in U.S. Treasury markets**, derived from options on Treasury bonds of different maturities. It serves as a **"bond market volatility" gauge**, similar to how the VIX reflects volatility in equities.

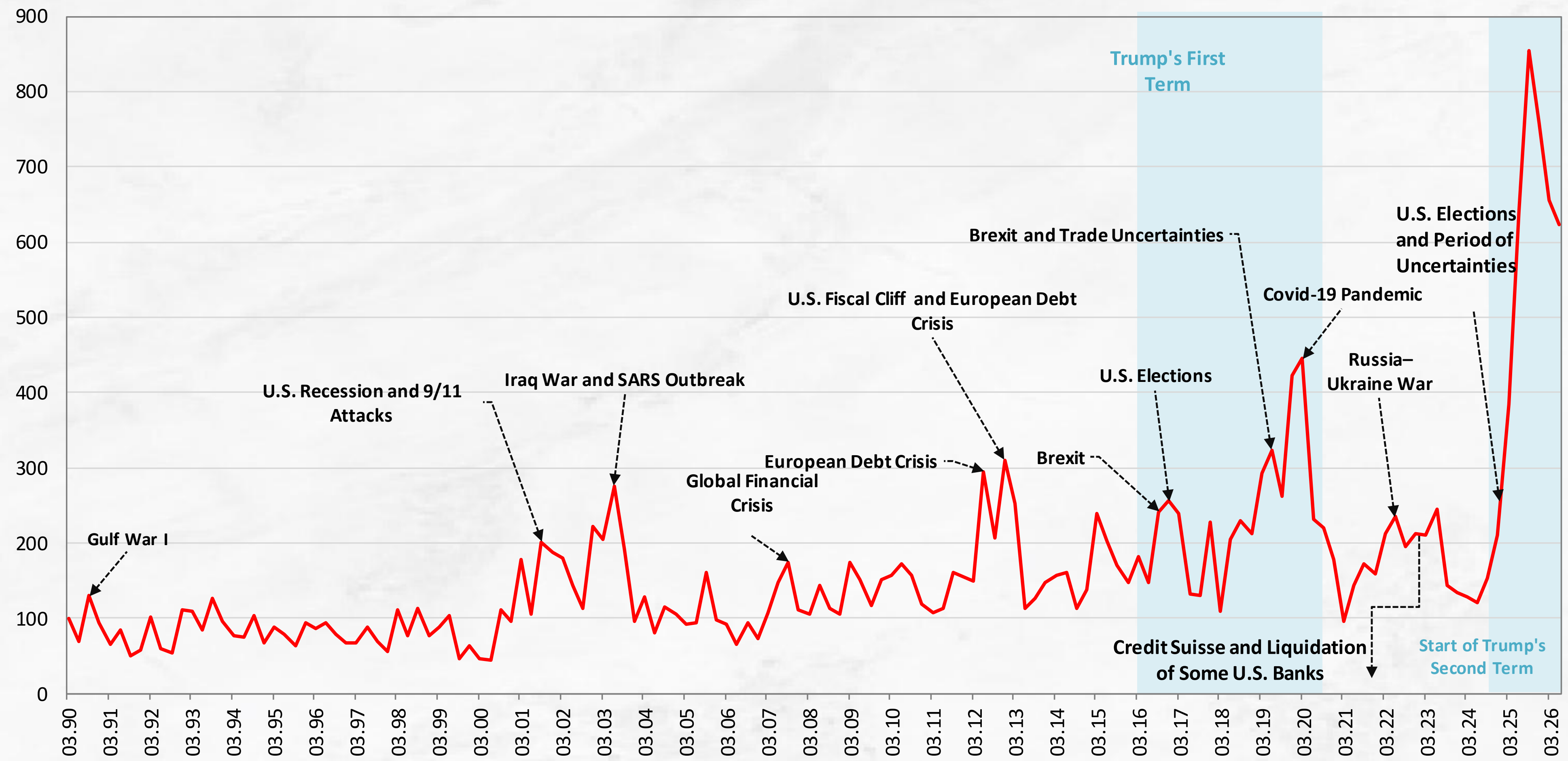
The dollar index strengthened over the week, supported by successive hawkish Fed remarks and stronger-than-expected September PMI data, which pointed to a robust end to the third quarter for the US economy and reinforced expectations that interest rates will remain higher for longer. In addition, the BoJ's split vote on its rate hike disappointed investors who had anticipated a more decisive tightening path and positioned for yen appreciation.

2025 stood out as a year in which the dollar's long-standing **safe-haven narrative came under clear scrutiny.** The trade shock triggered by tariffs announced by President Trump in April, together with growing uncertainty over the **institutional independence of the Federal Reserve**, pushed the dollar index toward **its weakest annual performance since 2017.**

Global Uncertainty

Uncertainty spiked under Trump 2.0, particularly in Q2, but the signing of bilateral trade deals suggests the worst has passed as of Q3.

Global Uncertainty Index (Quarterly)*



Source: CBRT, *Indexed to 100 as of Q1 1990.

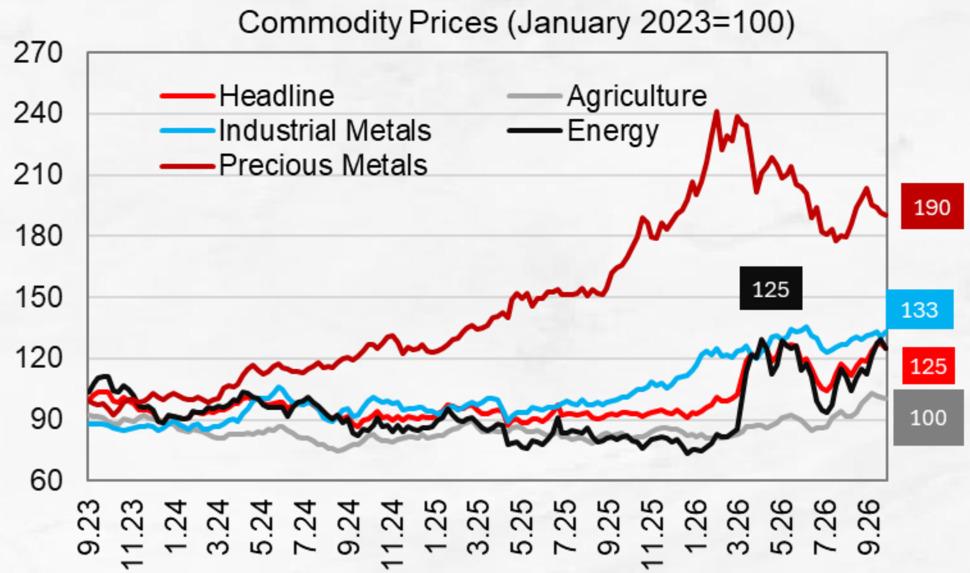
GDP and Per Capita Income by Country, 2020 - 2025

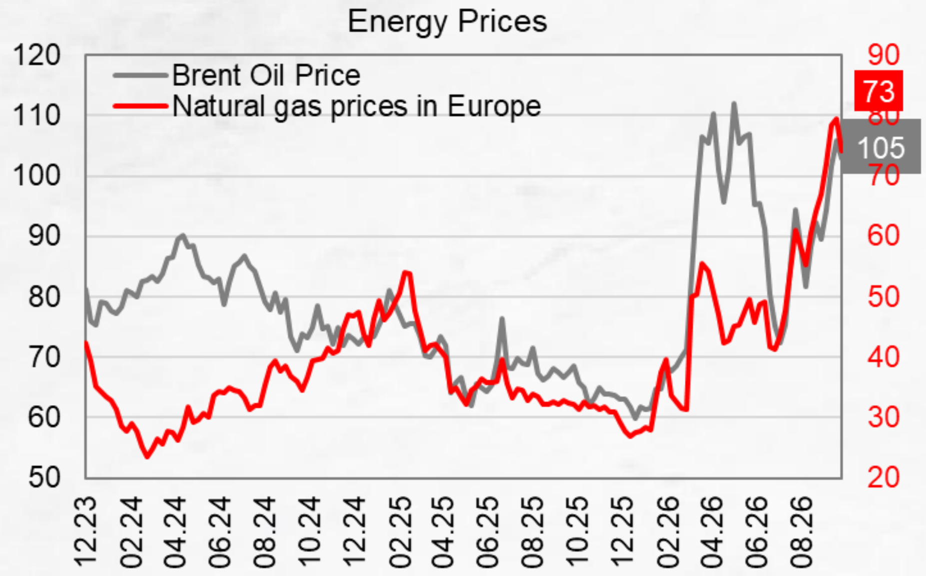
Türkiye rose one spot in GDP rankings in 2025 to become the 16th largest economy, and climbed two spots in per capita income rankings to 65th place.

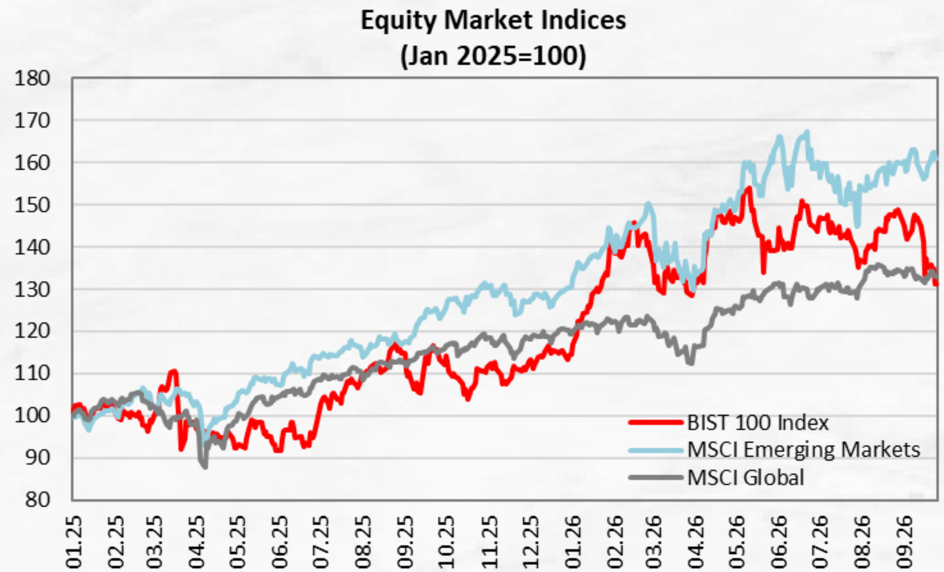
	GDP Sizes by Country, Top 25 Countries (Billion USD)						
Rank	Country	2020	2021	2022	2023	2024	2025
	World	86.192	98.435	102.670	107.246	111.599	118.175
1	USA	21.375	23.726	26.055	27.812	29.298	30.767
2	China	15.110	18.184	18.338	18.367	18.945	19.626
3	Germany	3.938	4.358	4.204	4.564	4.684	5.048
4	Japan	5.189	5.226	4.448	4.385	4.190	4.435
5	England	2.726	3.195	3.193	3.422	3.695	4.003
6	India	2.612	3.085	3.250	3.501	3.761	3.916
7	France	2.646	2.968	2.797	3.061	3.161	3.369
8	Russia	1.488	1.829	2.296	2.035	2.186	2.588
9	Italy	1.906	2.181	2.106	2.318	2.338	2.550
10	Canada	1.656	2.022	2.201	2.197	2.270	2.320
11	Brazil	1.476	1.671	1.952	2.191	2.186	2.280
12	Spain	1.289	1.462	1.450	1.620	1.725	1.904
13	South Korea	1.744	1.942	1.799	1.845	1.875	1.872
14	Australia	1.367	1.660	1.731	1.748	1.799	1.840
15	Mexico	1.121	1.317	1.467	1.794	1.830	1.833
16	Türkiye	717	808	906	1.153	1.358	1.596
17	Indonesia	1.059	1.187	1.319	1.371	1.396	1.446
18	Netherlands	932	1.055	1.047	1.134	1.215	1.332
19	Saudi Arabia	767	983	1.239	1.219	1.254	1.277
20	Switzerland	756	840	858	929	970	1.044
21	Poland	606	689	696	813	918	1.036
22	Taiwan	677	777	766	757	801	920
23	Belgium	530	599	592	652	671	725
24	Argentina	385	486	634	649	637	681
25	Sweden	544	632	575	579	605	669

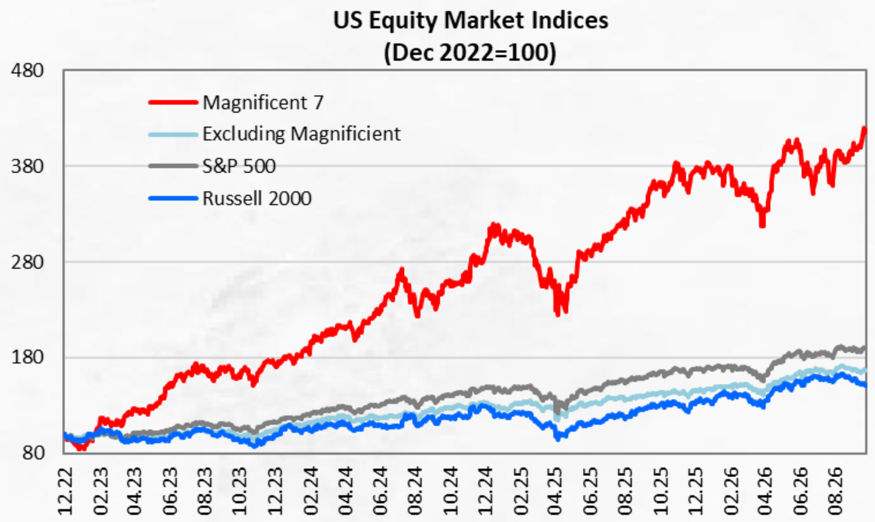
	Nominal GDP (in USD) Per Capita by Country						
Rank	Country	2020	2021	2022	2023	2024	2025
1	Liechtenstein	163.998	201.298	187.183	205.907	207.034	217.928
2	Luxembourg	117.570	136.191	125.295	134.403	138.757	148.247
3	Ireland	86.217	103.624	104.720	106.501	112.356	130.652
4	Switzerland	87.797	96.895	98.220	105.353	108.256	115.620
5	Singapore	61.773	80.885	91.228	86.383	94.897	99.365
6	Iceland	62.237	73.221	79.953	84.490	86.485	99.071
7	Norway	70.990	96.321	112.748	90.755	89.684	94.468
8	USA	64.518	71.366	77.949	82.536	86.173	89.991
9	Denmark	61.076	69.539	68.123	68.208	71.214	77.046
10	Macao	37.008	44.839	37.053	66.735	71.869	74.465
11	Netherlands	53.529	60.380	59.541	63.769	67.690	73.833
12	Qatar	50.962	65.401	80.385	70.946	69.720	69.680
13	Australia	53.322	64.411	65.776	64.851	65.701	66.352
14	San Marino	45.641	54.733	53.876	59.415	60.946	65.543
15	Austria	48.764	53.827	52.749	56.764	58.373	63.161
16	Sweden	52.438	60.436	54.656	54.872	57.125	62.662
17	Belgium	45.934	51.833	50.918	55.482	56.796	61.002
18	Germany	47.954	53.152	50.944	54.793	56.087	60.439
19	Israel	44.595	52.281	54.984	52.146	54.294	60.335
20	England	40.844	47.707	47.206	49.938	53.339	57.608
21	Hong Kong	46.446	49.849	47.998	50.580	54.445	56.893
22	Finland	48.827	53.204	50.552	53.069	53.292	56.464
23	Canada	43.573	52.908	56.609	55.002	55.209	55.765
24	Andorra	36.974	41.807	41.379	44.484	46.410	50.379
65	Türkiye	8.397	9.424	10.434	13.008	15.325	18.611

Commodity Prices vs. Equity Market Indices



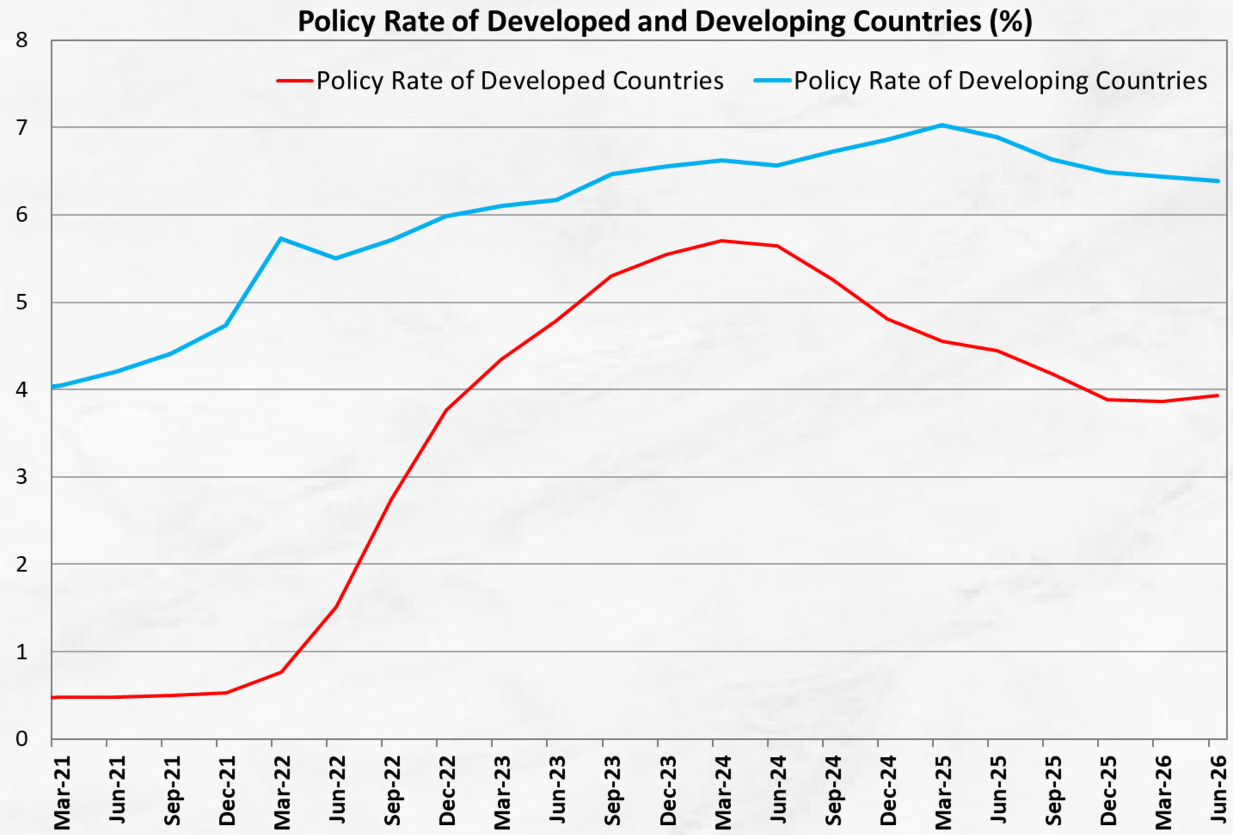






Policy Rates of Central Banks

Global central banks are maintaining a cautious stance in their monetary policies to evaluate the potential impacts of rising uncertainties and geopolitical developments on the economic outlook.

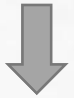


❖ Uncertainty and Inertia in the Inflation Outlook

❖ Global Fiscal and Trade Policy Uncertainty

Slower Rate Cuts / Pause/Increase?

Reflections on Developing Countries



Capital Flows

Export and Growth Performance

Cost of Funding

Current Policy Rates

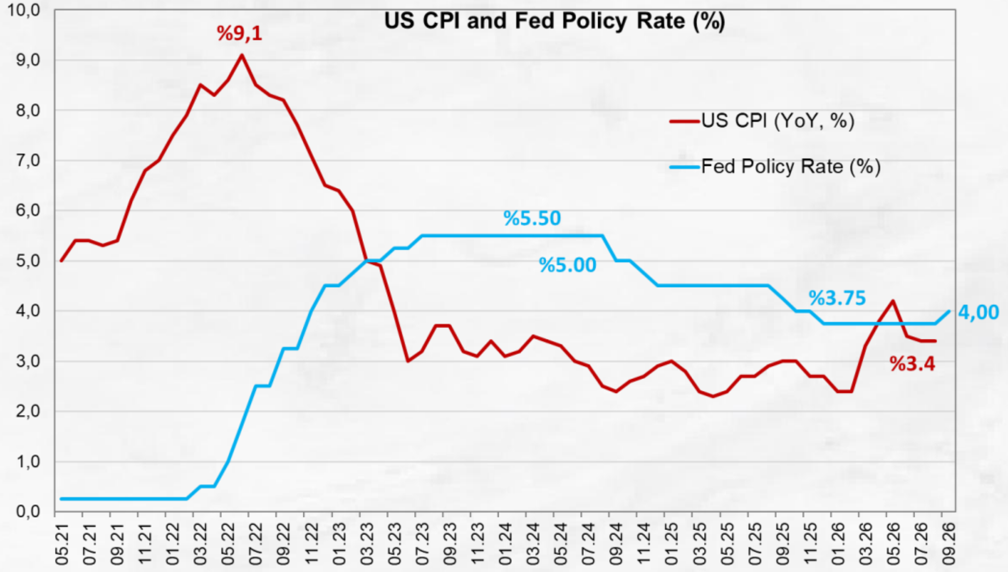
FED Policy Rate = %4

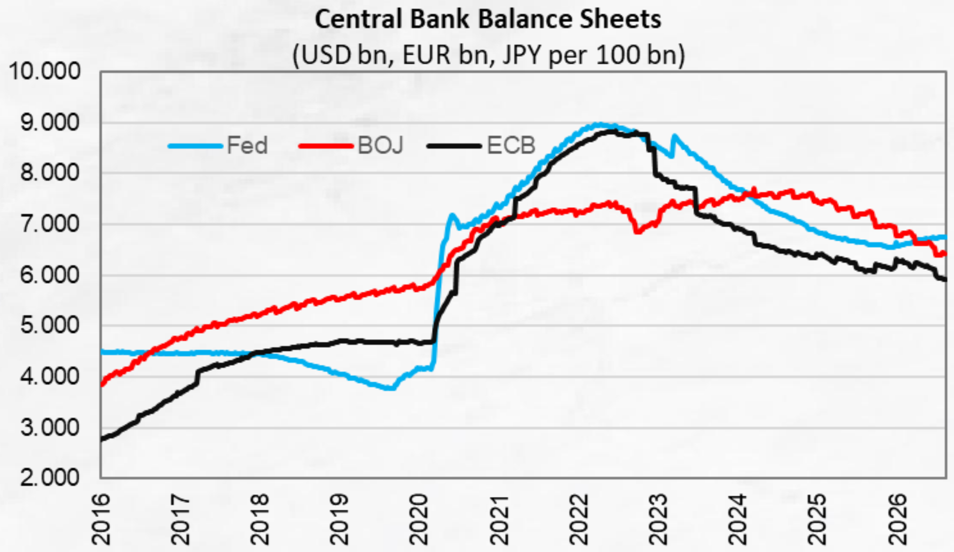
ECB Policy Rate = %2,5

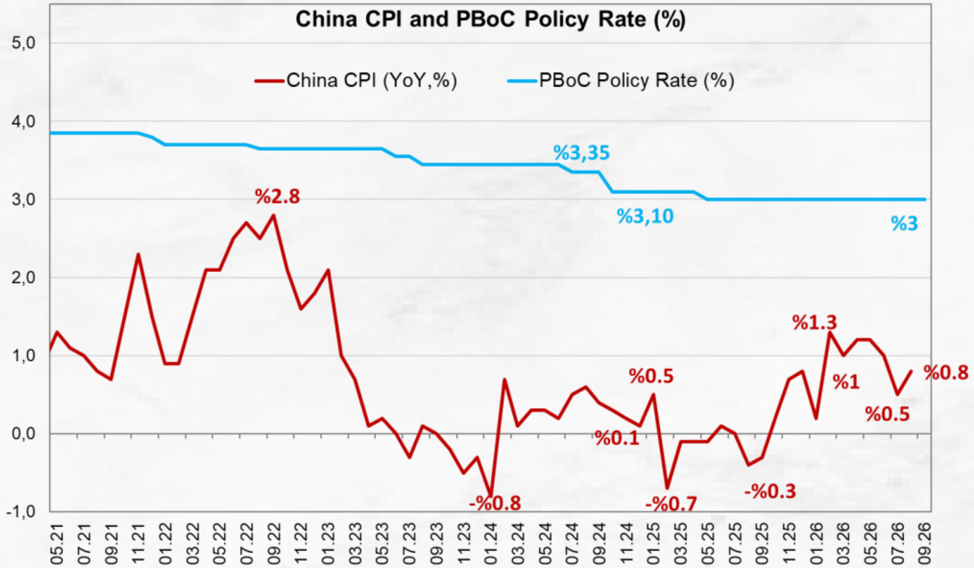
Interest Rate Expectations for the Remainder of 2026

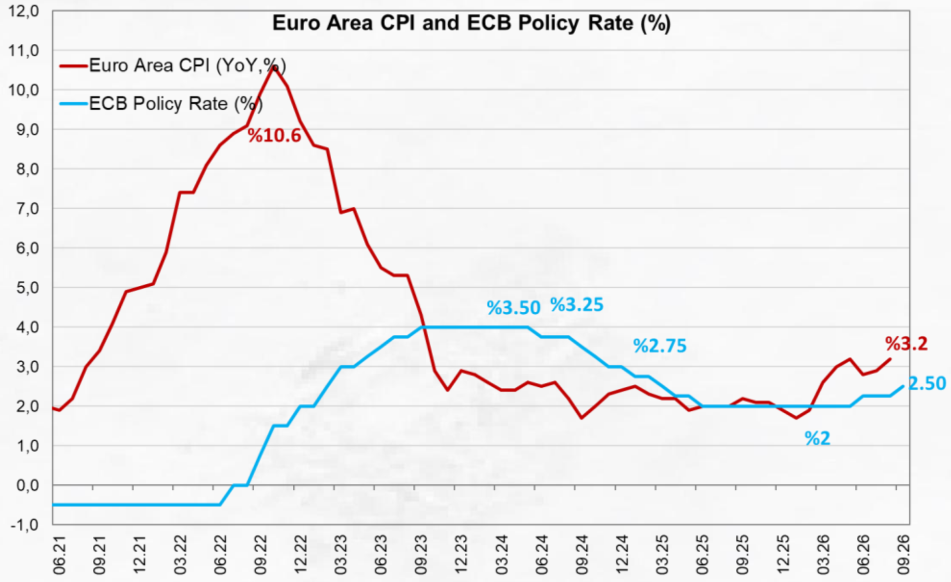
One rate hike from the Fed.
At least one rate hike from the ECB.

CPI, Policy Rate and Balance Sheets









The Turkish Economy

Growth Rates
Industrial Production, Retail Sales and Capacity Utilization Rate
House, Vehicle and White Goods Sales
Medium Term Program
Inflation and Inflation Expectations
Policy Rate
Macroprudential Measures
The Trend of Interest Rates
CBRT Reserves
Current Account Balance
Import and Export Based on Top 10 Countries
Meeting Calendar
Portfolio Flows
CDS and Credit Rating
Benchmark Goverment Bond Yields
Overnight Swap Rates
Budget Balance and Fiscal Discipline
Summary of Developments in 2025

Türkiye's Economic Growth Rates

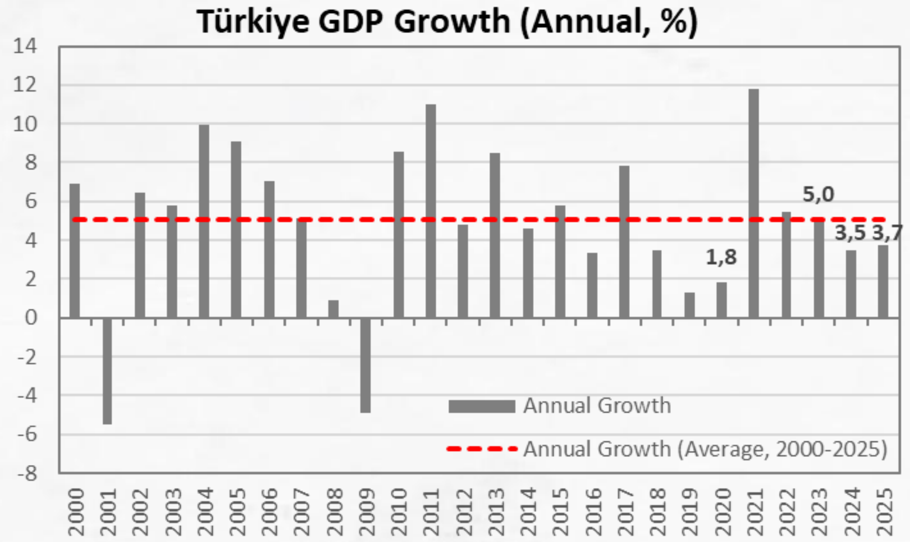
The Turkish economy expanded by **2.3% year-on-year in the second quarter**, below both the **Bloomberg consensus forecast of 2.5%** and the first quarter's **upwardly revised growth rate of 2.6%** (from 2.5%). This marked the weakest annual growth since the second quarter of 2020, while growth in the first half of the year stood at **2.5%**. Despite the slowdown in annual economic activity, the economy recorded its **24th consecutive quarter of expansion** since the third quarter of 2020.

Seasonally and calendar-adjusted GDP increased by 1.1% quarter-on-quarter, the strongest pace since the second quarter of last year. Quarterly growth therefore accelerated markedly from the first quarter's modest **0.3%** increase and moved closer to its historical average of 1.2%.

On the expenditure side, **private consumption remained the main growth driver, contributing 2.3 percentage points**, while net exports added 0.6 points, providing positive support for the first time in six quarters. On the production side, agriculture and industry each contributed 0.5 points, while the contribution from services declined to 0.1 points and construction subtracted 0.1 points from growth.

	2024					2025					2026		
Contributions to Growth (% Points)	Q1 24	Q2 24	Q3 24	Q4 24	*Annual*	Q1 25	Q2 25	Q3 25	Q4 25	*Annual*	Q1 26	Q2 26	*Half Year*
Consumption	**6,1%**	**1,0%**	**2,3%**	**3,1%**	***3,1%***	**1,3%**	**3,1%**	**3,0%**	**4,1%**	***3,0%***	**3,7%**	**2,1%**	***2,9%***
Private	5,8%	1,4%	2,4%	3,4%	*3,2%*	1,1%	3,2%	2,9%	4,0%	*2,9%*	3,6%	2,3%	*3,0%*
Public	0,3%	-0,4%	-0,03%	-0,3%	*-0,1%*	0,2%	-0,06%	0,2%	0,1%	*0,1%*	0,1%	-0,2%	*-0,1%*
Investment	**2,1%**	**-0,05%**	**-0,4%**	**1,3%**	***0,7%***	**0,5%**	**2,4%**	**2,9%**	**1,5%**	***1,9%***	**0,8%**	**0,2%**	***0,5%***
Stock Change	**-4,3%**	**0,1%**	**-1,1%**	**-0,2%**	***-1,3%***	**1,2%**	**0,7%**	**-1,0%**	**-0,7%**	***0,0%***	**0,6%**	**-0,5%**	***0,0%***
Net Exports	**1,5%**	**1,3%**	**2,2%**	**-0,9%**	***1,0%***	**-0,5%**	**-1,3%**	**-1,0%**	**-1,4%**	***-1,1%***	**-2,5%**	**0,6%**	***-0,9%***
GDP	***5,4%***	***2,4%***	***3,0%***	***3,3%***	***3,5%***	**2,6%**	**4,8%**	**3,9%**	**3,5%**	***3,7%***	**2,6%**	**2,3%**	***2,5%***

	2024					2025					2026		
Contribution to Growth by Production (% Points)	Q1 24	Q2 24	Q3 24	Q4 24	*Annual*	Q1 25	Q2 25	Q3 25	Q4 25	*Annual*	Q1 26	Q2 26	*Half Year*
Agriculture	0,19%	0,19%	0,34%	0,3%	*0,3%*	-0,001%	-0,17%	-1,30%	-0,29%	-0,5%	0,1%	0,5%	0,3%
Industry	0,9%	-0,2%	-0,3%	0,3%	*0,16%*	-0,2%	1,3%	1,3%	0,3%	0,7%	-0,1%	0,5%	0,2%
Construction	0,5%	0,4%	0,5%	0,4%	*0,5%*	0,4%	0,6%	0,7%	0,4%	0,6%	0,2%	-0,1%	0,02%
Service	0,8%	1,0%	0,6%	0,9%	*0,8%*	0,4%	1,5%	1,6%	1,1%	1,2%	0,9%	0,1%	0,5%
Finance and Insurance	0,3%	0,1%	0,4%	0,2%	*0,2%*	-0,1%	0,1%	0,5%	0,2%	0,2%	0,2%	0,1%	0,2%
Other	2,6%	1,0%	1,3%	1,1%	*1,5%*	2,1%	1,5%	1,1%	1,9%	1,6%	1,3%	1,3%	1,3%
GDP	***5,4%***	***2,4%***	***3,0%***	***3,3%***	***3,5%***	***2,6%***	***4,8%***	***3,9%***	***3,5%***	***3,7%***	***2,6%***	***2,3%***	***2,5%***

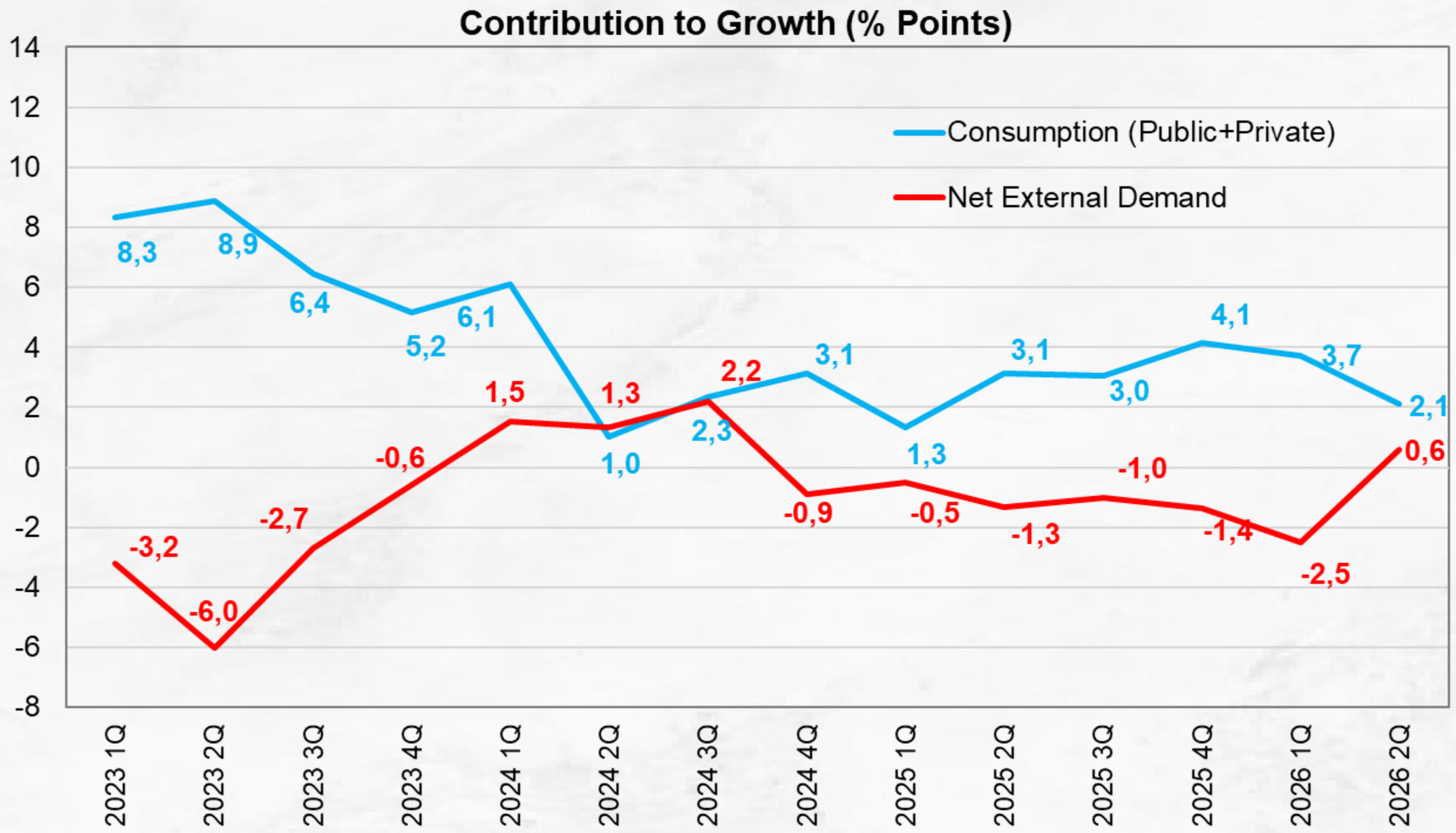


Growth for 2025 was revised up to 3.7% from 3.6%, remaining above the 3.3% forecast in the Medium-Term Programme.

The Market Participants Survey puts the growth expectation for 2026 at 3.1%.

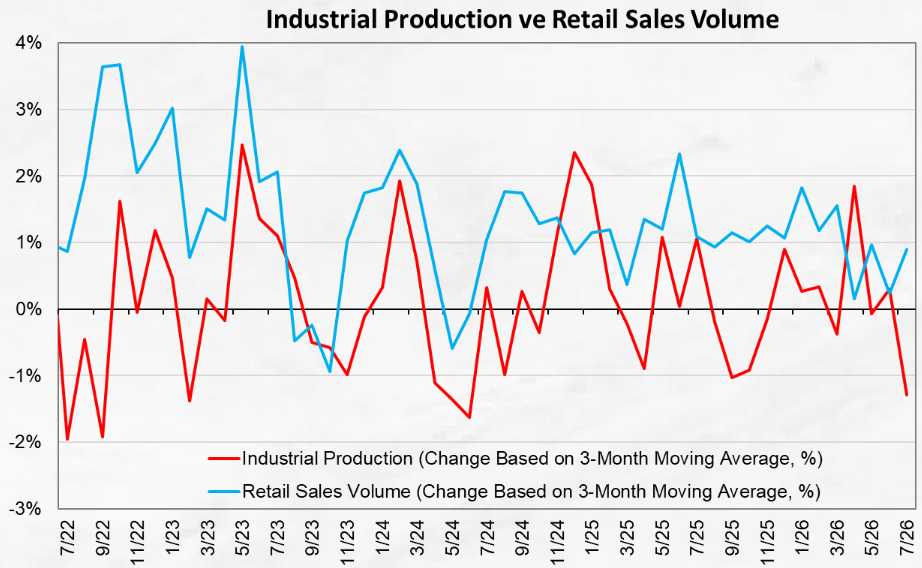
Contributions to Economic Growth

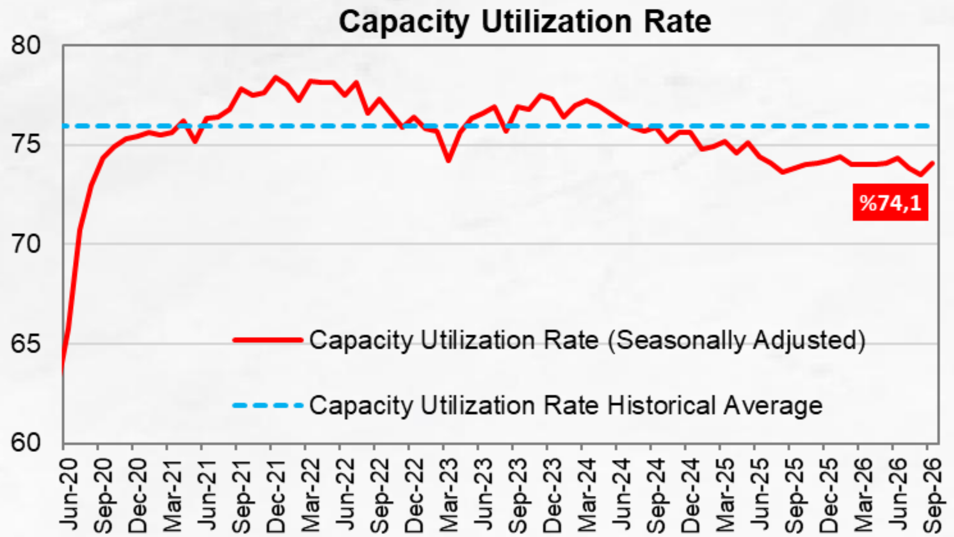
Private consumption remained the main driver of growth, contributing 2.3 percentage points; however, its contribution declined from 3.6 points in the first quarter, signalling a normalization in domestic demand. With public consumption subtracting 0.2 points, total consumption contributed 2.1 points to growth. Meanwhile, as imports contracted more sharply than exports, net exports made a positive contribution of 0.6 points to growth for the first time in six quarters.



Industrial Production, Retail Sales and Capacity Utilization Rate

Industrial production remained weak in July.
Capacity utilization, a leading indicator, increased in September.





Industrial production signaled a contraction by falling 1% in July — following a 0.2% rise in June—thereby maintaining its weak trend.

- Meanwhile, **three-month moving averages—which offer a clearer trend by smoothing out volatility—indicated a weakening in industrial production**, showing a 1.3% decline in July after a 0.3% increase in June.

Retail sales volume rose by 0.2% in July — following a 0.5% monthly increase in June — marking the slowest growth in three months and signaling that the rise in consumer spending is continuing at a decelerating pace.

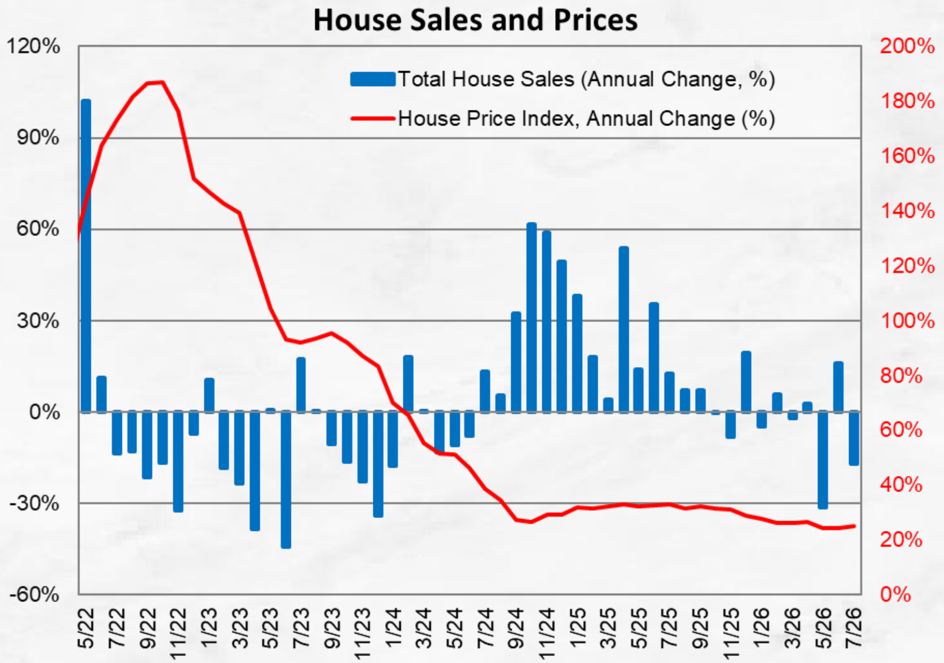
- When examining **retail sales volume—a leading indicator of consumer spending trends—on a three-month moving average basis**, the rate of growth is observed to have risen from 0.2% in June to 0.9% in July.

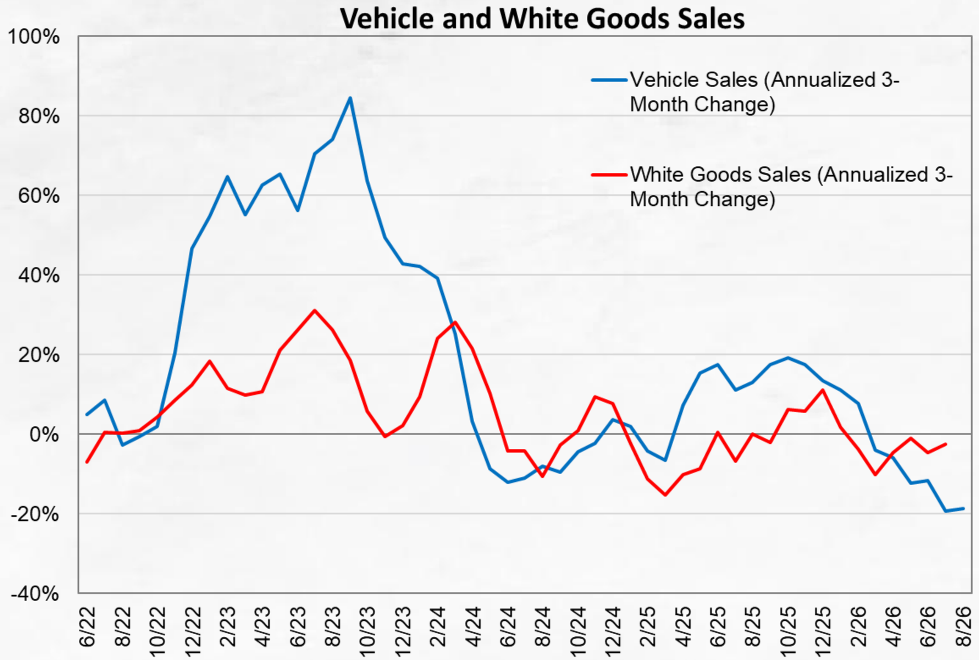
The seasonally adjusted capacity utilization rate rose by 0.6 points in September, climbing from 73.5% to 74.1% and reaching its highest level in the last three months.

Capacity utilization remains below its historical average of around 76%. The current outlook suggests that a strong and sustained recovery in investment appetite will take time.

House, Vehicle and White Goods Sales

While housing sales have started to decline, the contraction in white goods and vehicle sales continues, albeit at a slower pace.





Total housing sales, after a strong 39.3% increase in June on a monthly basis, decreased by 4.9% in July and by 17% compared to the same month of the previous year, reaching 123,603 units. The strong increase in housing sales in June was due to some sales transactions postponed in May because of the holiday period. However, housing sales in July were above the historical average. Indeed, the average monthly housing sales for 2025 was approximately 147,000 units, while the historical average was 122,000 units.

The monthly growth rate of the housing price index slowed from 1.92% in July to 1.48%, while the annual growth rate rose from 24.4% to 25%, marking a slight recovery from its lowest level since May 2020.

In real terms, housing prices declined by 5.1% year-on-year in July, meaning that, excluding November 2025, the nominal annual change in housing prices over the last 30 months continues to remain below annual inflation.

Domestic vehicle sales, tracked on a three-month moving-average basis to smooth volatility, had declined for six consecutive months as of August, with double-digit contractions recorded in four of those months.

White goods sales, measured on a three-month moving-average basis, fell by 2.5% in July, extending their decline to a sixth month, although the pace of contraction moderated.

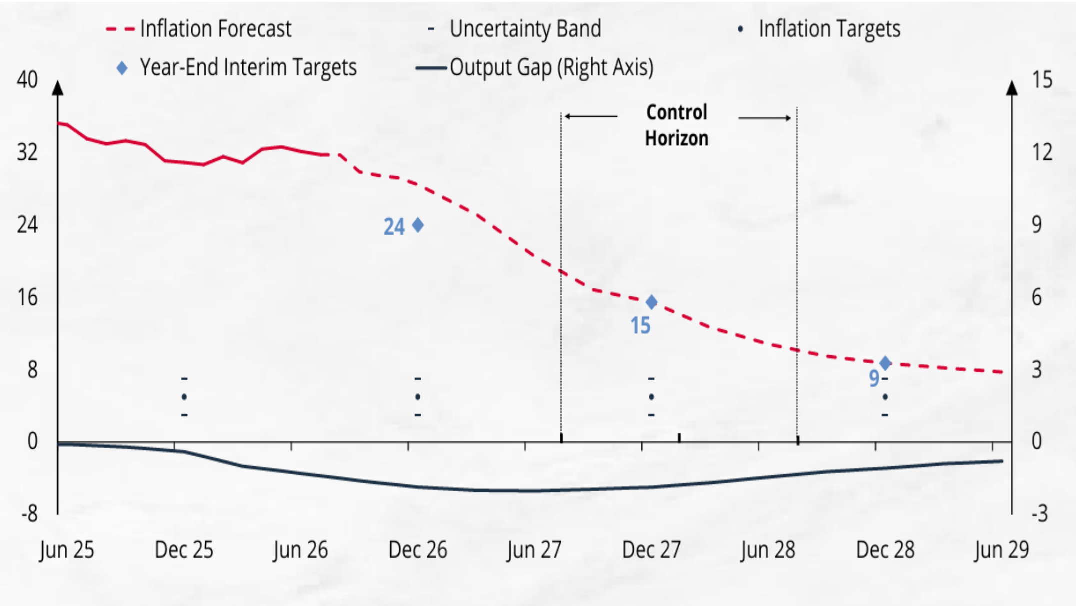
Medium Term Program (2027-2029)

MTP					
Medium Term Program-Projections	**2025 (Realization)**	**2026**	**2027**	**2028**	**2029**
GDP (Billion TL, Current Prices)	63.241	85.346	111.207	133.184	153.141
GDP (Billion USD, Current Prices)	1.602	1.821	1.984	2.091	2.225
GDP Per Capita (USD)	18.040	20.523	22.285	23.419	24.842
GDP Growth (%)	3,7	3,3	4,2	4,6	5,0
Contribution of Net Exports to Growth	-1,1	-0,5	0,0	0,1	0,2
Unemployment Rate (%)	8,3	8,1	8,0	7,8	7,6
Exports (GTS defined, fob) (Billion USD)	273,2	282,0	292,0	302,5	316,0
Imports (GTS defined, cif) (Billion USD)	365,4	387,0	397,0	411,0	426,0
Foreign Trade Balance (GTS defined, Billion USD)	-92,2	-105,0	-105,0	-108,5	-110,0
Tourism Revenues (Billion USD)	65,2	65,0	70,0	73,5	78,5
Current Account Balance / GDP (%)	-1,9	-2,6	-1,9	-1,8	-1,6
Current Account Balance (Billion USD)	-30,3	-47,5	-38,5	-37,0	-35,5
Consumer Price Index (End of Year), % Change	30,9	28,4	21,0	13,5	9,0
Budget Balance/GDP (%)	-2,9	-3,1	-3,5	-3,1	-2,8
Primary Balance/GDP(%)	0,4	0,2	0,1	0,4	0,6
EU Defined General Government Debt Stock/GDP	23,7	21,8	21,7	22,8	23,9

In the Medium Term Program (MTP, 2027 - 2029) published by the government in September, a downward revision was observed in growth expectations, while an upward revision was seen in inflation forecasts.

CBRT Inflation Report (2026-III)

CBRT Inflation Forecast Path



Updates on Assumptions

		IR 2026-II	IR 2026-III
Global Production Index* (Average Annual % Change)	2026	1.7	1.6
	2027	2.5	2.5
Oil Prices (USD, Annual Average)	2026	89.4	87.8
	2027	75.4	76.4
Import Prices (USD, Average Annual % Change)	2026	6.3	6.9
	2027	-0.2	-0.4
Food Prices (Year-End, % Change)	2026	26.3	28.5
	2027	19.0	19.0

In the third Inflation Report of the year, the Central Bank of the Republic of Turkey (CBRT) maintained its interim inflation targets at 24% for the end of 2026, 15% for the end of 2027, and 9% for the end of 2028.

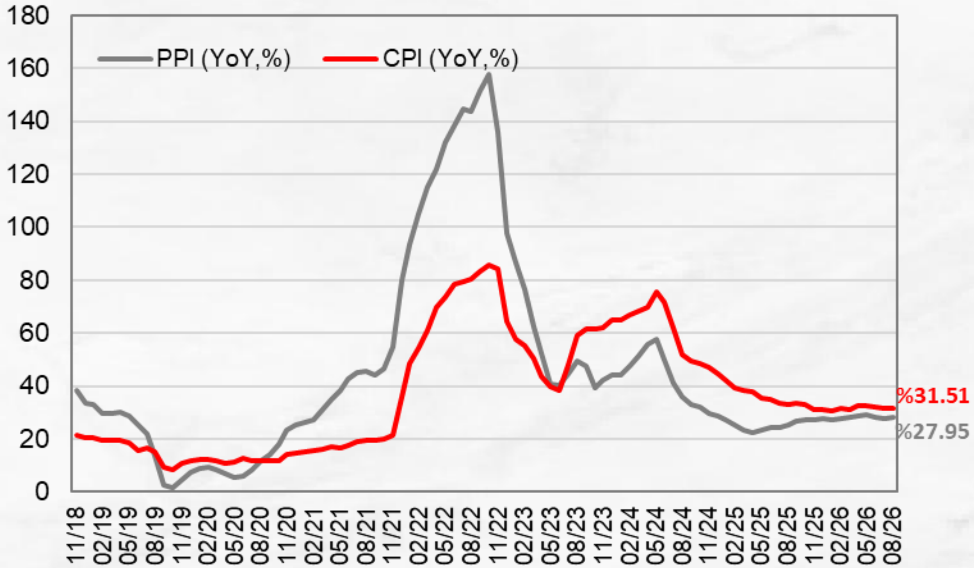
- **Furthermore, the CBRT revised its 2026 year-end forecast upwards from 26% to 28%, while maintaining its 2027 forecast at 15% and its 2028 forecast at 9%.** CBRT President Karahan stated that expectations regarding the global growth outlook remain weak due to the impact of geopolitical developments. In this context, they first updated their external demand assumptions downwards for 2026, albeit slightly. Karahan added that their second update concerned oil and import prices, assuming a gradual decline in oil prices during 2026, and updated their 2027 oil price assumptions upwards, taking into account the course of the war. On the other hand, Karahan stated that they have slightly revised upward their 2026 import price assumptions due to the impact of diesel refinery margins, natural gas, and some other commodity prices, while lowering their 2027 import price assumptions due to base effects. In addition, he emphasized that they have increased their food price assumptions based on actual figures and the outlook for agricultural commodity prices.

- Karahan noted that **the 2-point upward revision in the 2026 year-end forecast** was influenced by the outlook for diesel, natural gas, and non-energy commodity prices, and that they also reflected the impact of regulations regarding the sliding scale pricing system in their estimates. Furthermore, he stated that the upward revision in the food inflation assumption, along with administered/regulated prices, played a role in raising inflation forecasts. Regarding output gap estimates, he stated that there was no significant update compared to the previous reporting period and that they expect domestic demand to remain weak in the coming period due to the continued tightness in financial conditions.

- Furthermore, Karahan stated that they will **maintain a tight policy stance consistent with interim targets, and therefore a disinflation-focused tight stance**, but added that the risks to the medium-term inflation outlook have decreased, that **a return to 1-week repo is on their agenda, that they will evaluate market conditions and return when suitable conditions are met.**

Inflation and Inflation Expectations

The slowdown in annual inflation continues.



	CPI (Monthly)	CPI (Annual)
Jan-24	6,70%	64,85%
Feb-24	4,53%	67,07%
Mar-24	3,16%	68,49%
Apr-24	3,18%	69,79%
May-24	3,37%	75,44%
Jun-24	1,64%	71,59%
Jul-24	3,23%	61,78%
Aug-24	2,47%	51,97%
Sep-24	2,97%	49,38%
Oct-24	2,88%	48,58%
Nov-24	2,24%	47,09%
Dec-24	1,03%	44,38%

	CPI (Monthly)	CPI (Annual)
Jan-25	5,03%	42,11%
Feb-25	2,27%	39,04%
Mar-25	2,46%	38,10%
Apr-25	3,00%	37,86%
May-25	1,53%	35,41%
Jun-25	1,37%	35,05%
Jul-25	2,06%	33,52%
Aug-25	2,04%	32,95%
Sep-25	3,23%	33,29%
Oct-25	2,55%	32,87%
Nov-25	0,87%	31,07%
Dec-25	0,89%	30,89%
Jan-26	4,84%	30,65%
Feb-26	2,96%	31,53%
Mar-26	1,94%	30,87%
Apr-26	4,18%	32,37%
May-26	1,71%	32,61%
Jun-26	0,99%	32,11%
Jul-26	1,78%	31,75%
Aug-26	1,84%	31,51%
Dec-26	-	29,61%
Sep-27	-	23,70%
Dec-27	-	22,69%
Sep-28	-	18,32%

*Inflation expectations are the **monthly estimates in the latest Market Participants Survey published by the CBRT,** as well as the annual estimates for the end of this year and next year, and for the next 12 and 24 months.

In August, CPI rose by 1.84% month-on-month, slightly below expectations, while annual inflation declined from 31.75% to 31.51%.

PPI increased by 2.6% month-on-month in August, while annual producer inflation rose from 27.83% to 27.95%.

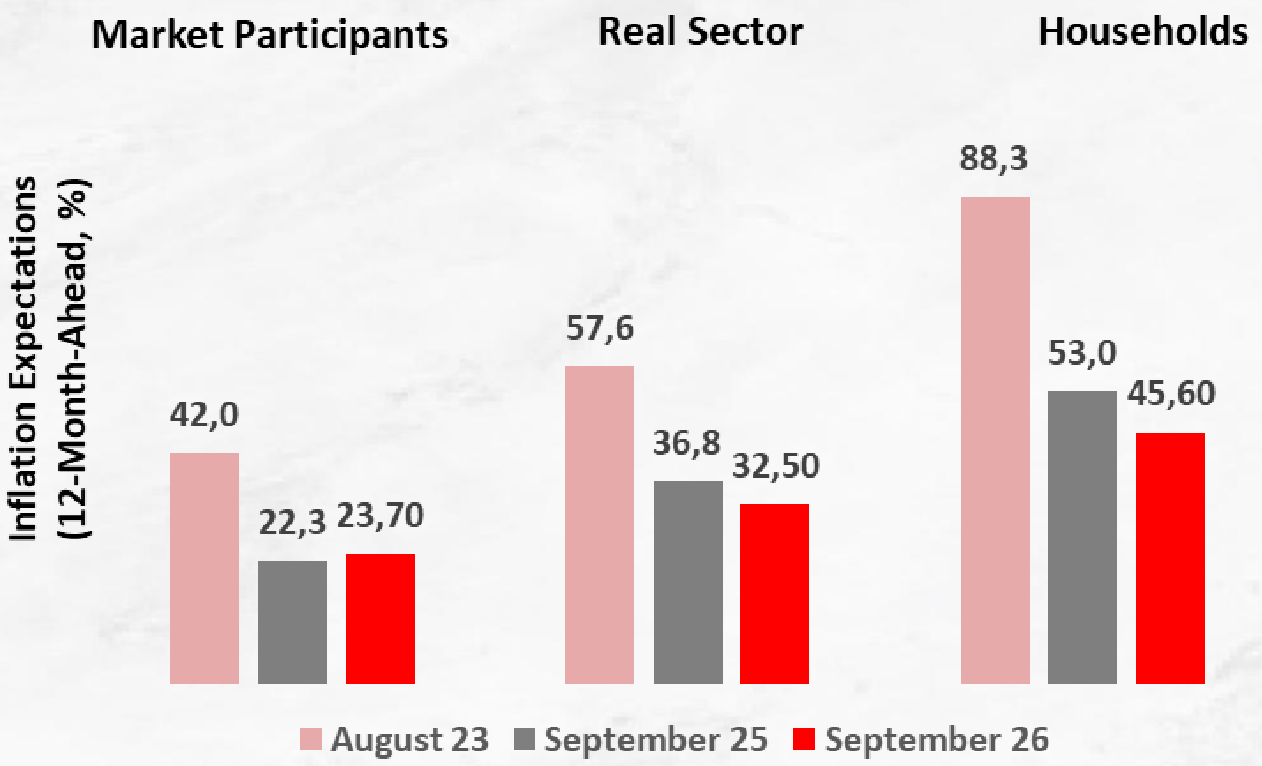
Inflation Expectations

In September, while a slight increase was observed in the 12-month-ahead annual inflation expectations of market participants and households, a partial improvement was seen in the inflation expectations of the real sector.

Market participants' annual inflation expectations for the 12-month horizon rose slightly from 23.69% to 23.70% in September.

The real sector's inflation expectations for the 12-month horizon edged down from 32.80% to 32.50%.

Meanwhile, a slight increase—from 45.58% to 45.60%—was recorded in households' inflation expectations, representing the most resilient segment regarding expectations.

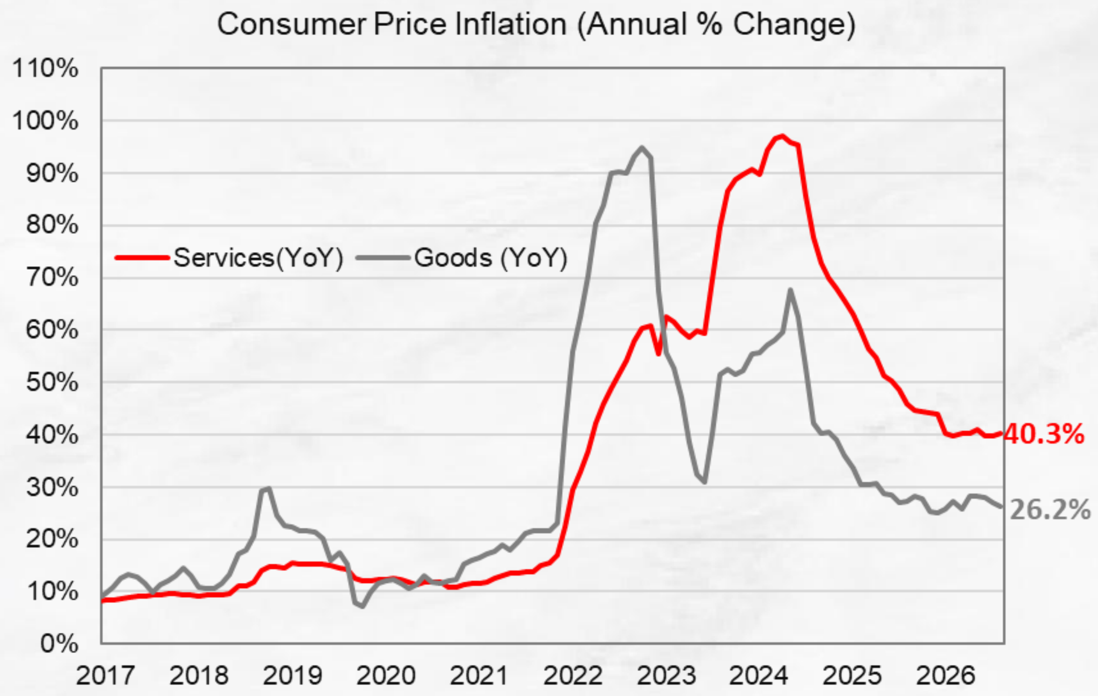


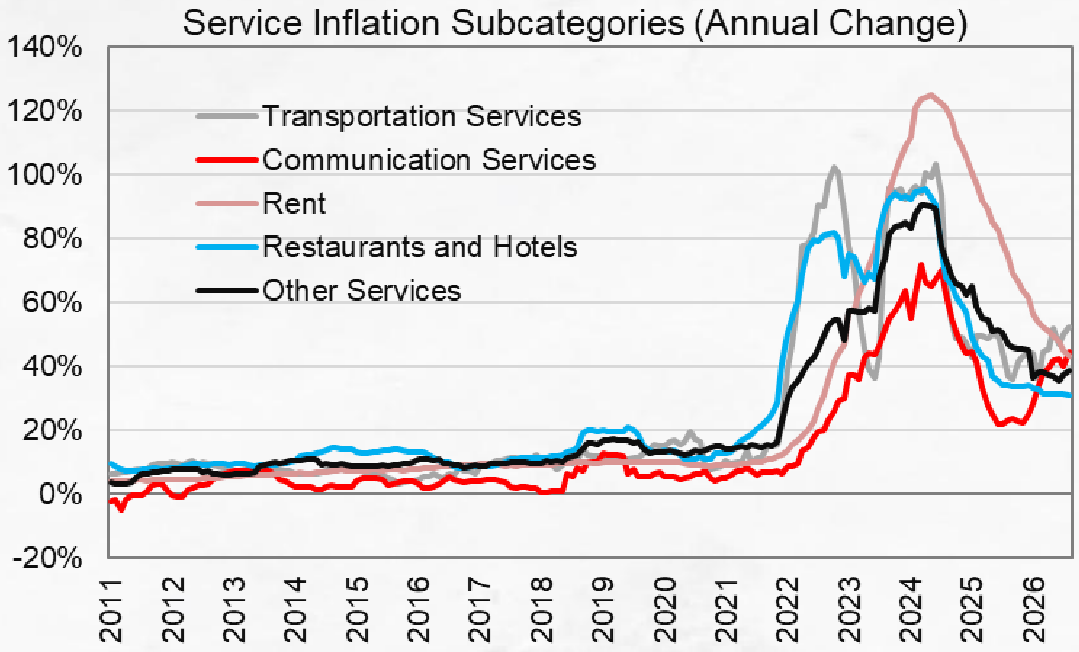
*Since June 2023, the policy rate has been raised from 8.50% to 15%, marking the beginning of a monetary tightening cycle.

Contributions of Main Groups to Inflation

Monthly goods inflation accelerated moderately, driven by the increase in energy prices, while the trend in food prices limited the rise. Although services inflation slowed slightly on a monthly basis, it remained sticky and continued to diverge notably from goods inflation in annual terms.

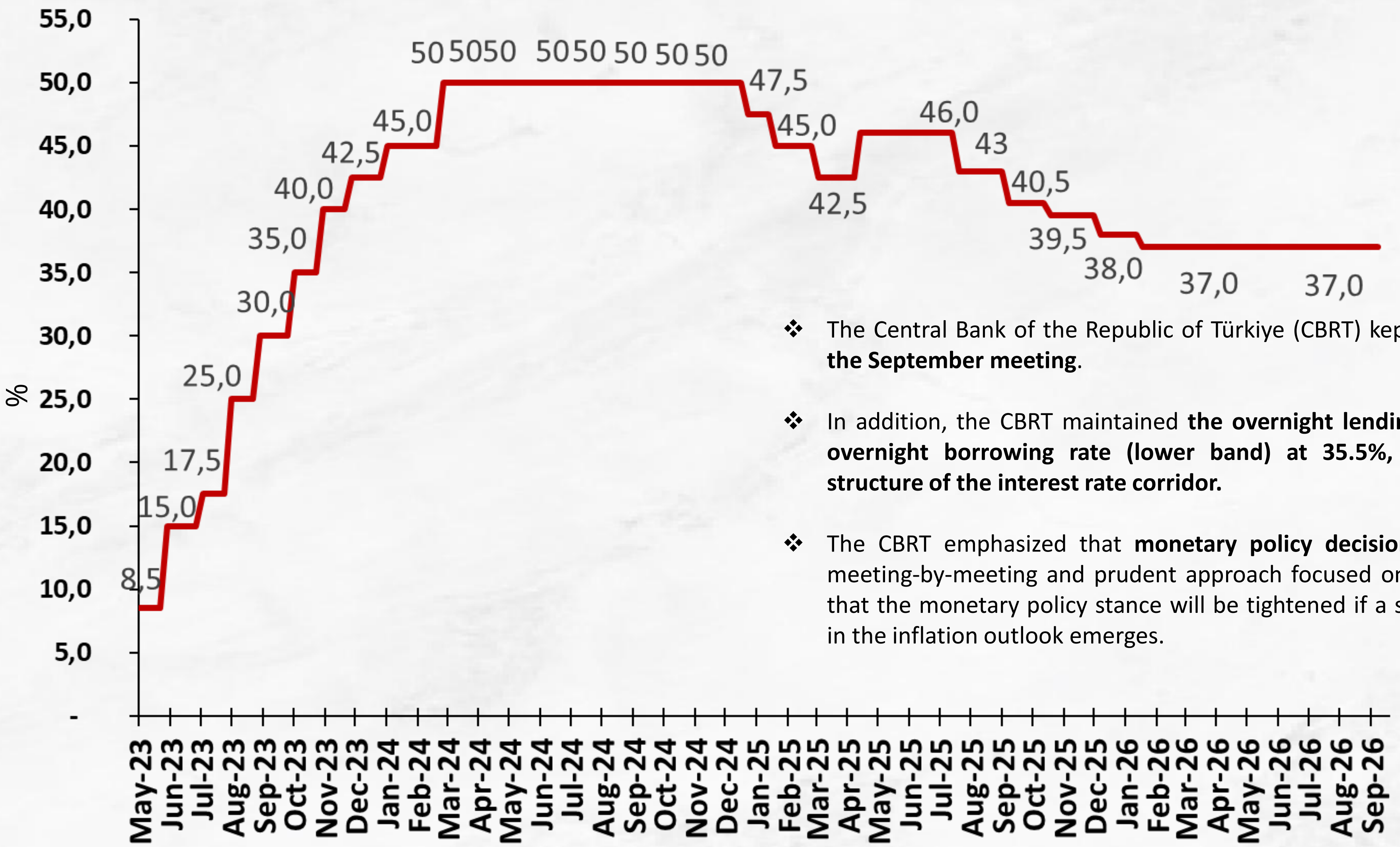
In August, transport services were the main driver of monthly inflation, while communication services and alcoholic beverages and tobacco also stood out. The decline in clothing and footwear prices, meanwhile, helped contain monthly inflation.





Policy Rate
CBRT in Wait-and-See Mode

Policy Rate (%)

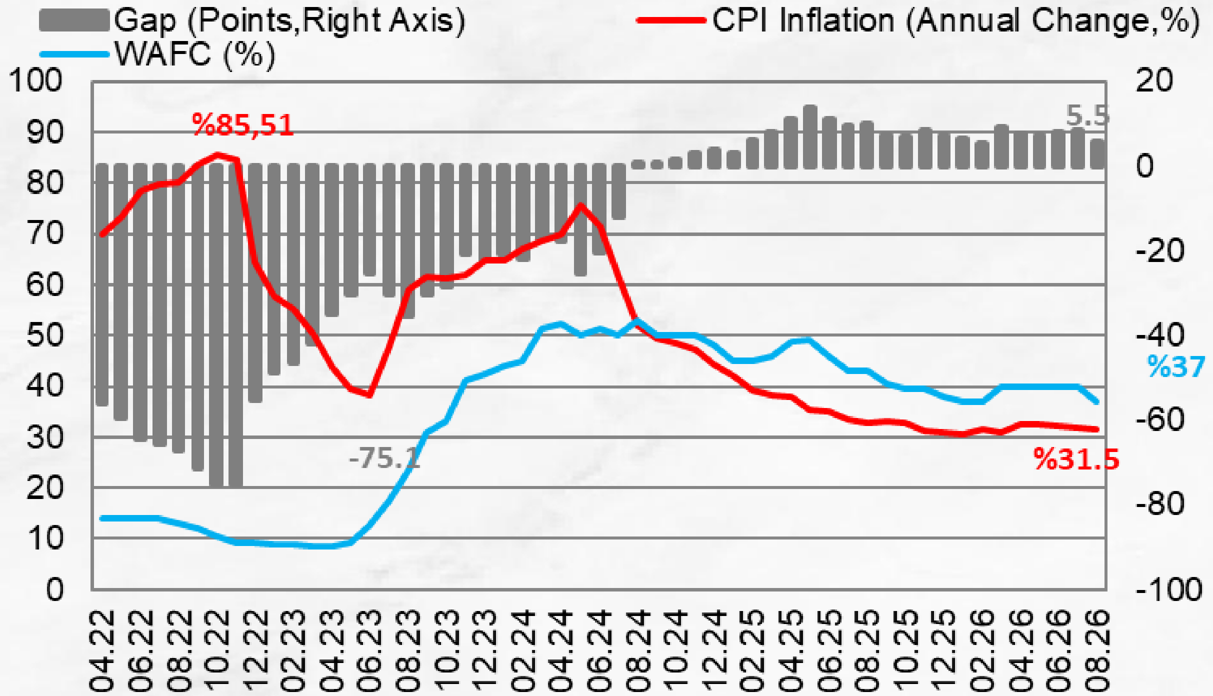


- The Central Bank of the Republic of Türkiye (CBRT) kept its policy rate **unchanged at 37% at the September meeting**.
- In addition, the CBRT maintained **the overnight lending rate (upper band) at 40% and the overnight borrowing rate (lower band) at 35.5%,** thereby preserving the **asymmetric structure of the interest rate corridor.**
- The CBRT emphasized that **monetary policy decisions** will continue to be taken with a meeting-by-meeting and prudent approach focused on the inflation outlook, and reiterated that the monetary policy stance will be tightened if a significant and persistent deterioration in the inflation outlook emerges.

While quantitative tightening continues, the macroprudential framework remains intact.

Difference Between the CBRT Interest Rate and CPI Inflation Rate

Difference Between the Policy Rate and CPI Inflation



Tight monetary policy remains in place to ensure a lasting decline in inflation.

- **Since August**, **a positive real interest rate** has been maintained (the first time since post-2021).
- The positive real interest rate stood at 5.5 percentage points in August.

Macroprudential Measures

The tight monetary stance is supported by macroprudential measures.

TL Deposit Share Regulations

4 Weeks 8 Weeks

Calculation Period Extended for Stable Trend Monitoring

60-65% Share

0.4pp

Below 60% Share

0.8pp

Commission Rates	
Retail Deposits	3% (from 4%)
Commercial Deposits	1.5% (from 2%)

Tolerance Ranges for 60-65% ratio banks temporarily raised to 150pp

Loan Growth Caps & SME Definitions

TL SME Loans: 4.5% Cumulative Growth Cap

Non-SME Commercial TL Loans (excluding export/investment/agri): 2% Cap

Auto Loans: 3% Cap

General Purpose Loans (GPL): 3% Cap

3% Cap

Overdrafts >3 installments: 3% Cap

Overdraft Account Limits: 1% Cap

SME Classification Threshold Increased: TL 1 Billion Sales/Assets (~$25 million)

Housing Loan LTV Uniformity: Distinction Between First-hand and Second-hand Homes Removed

Required Reserve Ratios (RRR)

TL Deposit Reserve Requirements

17% Demand and 1-3 Month Time Deposits

10% Deposits with Maturities Longer than 3 Months

Foreign Currency and Repo Ratios

FC Deposits and Precious Metals: 28-32%

Funds from Abroad/Repos

Up to 1M: 20%

Up to 3M: 16%

Up to 1Y: 14%

Indexed and Interbank Deposits

CPI, PPI, TLREF-indexed Deposits: 10%

Deposits from Banks Abroad (Up to 1 Year): 14%

Capital Adequacy (CAR) & Risk Weights

Simplification of Risk Weight Calculations: Additional risk weights eliminated

Removal of Forbearances: As of 2028, fixed EX rates for credit risk set at 32.83 for USD/TRY and 35.13 for EUR/TRY

Credit Card & Personal Loan Measures

New 48-Month Restructuring Option: Retail Credit Cards and GPLs with Unpaid Balances

Balances <30k TL: 3.25%

Balances 30k-180k TL: 3.75%

Balances >180k TL or corporate cards: 4.25%

Maximum Interest Rate Barem System

Credit Limit Reductions: Partial Reduction of Unused Limits for Cardholders with Total Limits >400,000 TL Based on Peak Spending

Commercial Loan Fees

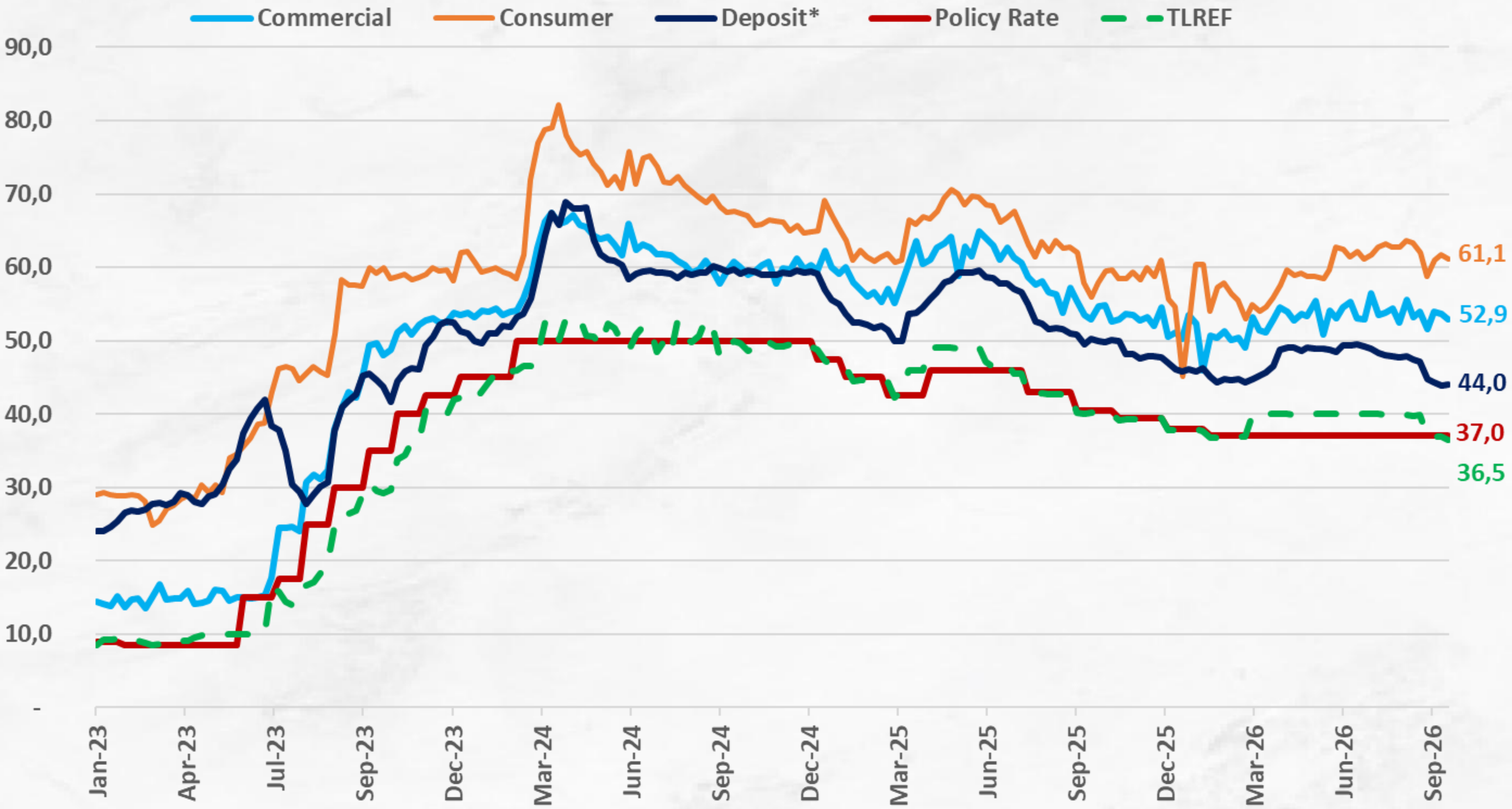
Allocation and Disbursement Fees: Commercial Loan Allocation Fees Fixed at 0.20%; Loan Disbursement Fees 1.10%, Revolving Credits 1.1%

Limit Increase Fee Regulation: Additional fees only charged if specifically requested by the customer

The Trend of Interest Rates

The effects of the tight monetary stance are being seen in financial markets.

Interest Rates

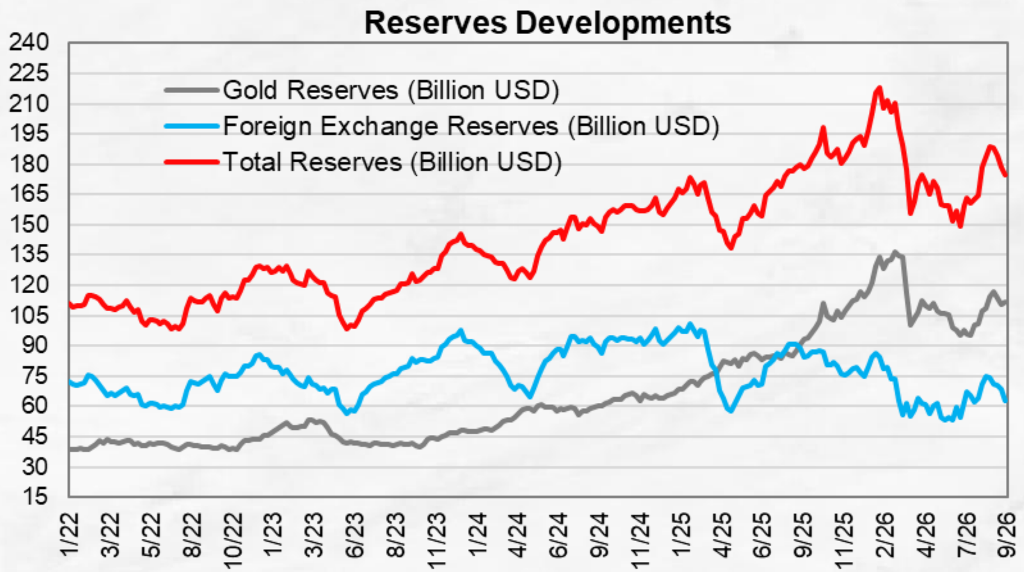


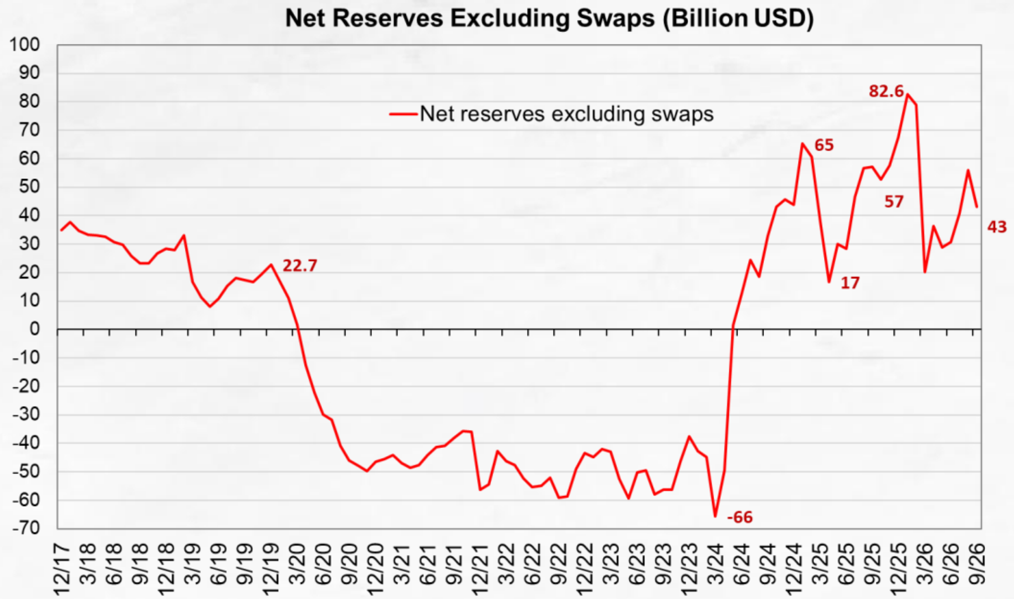
*1-3 Months Term TL Deposit

Data are for the week of September, 18th.

CBRT Reserves

Gross reserves recovered markedly in August but have declined in September.





Türkiye's gross international reserves increased by USD 39 billion over 2025, ending the year at USD 193.9 billion. Gross reserves had reached a record high of USD 218.2 billion in the week ending January 30.

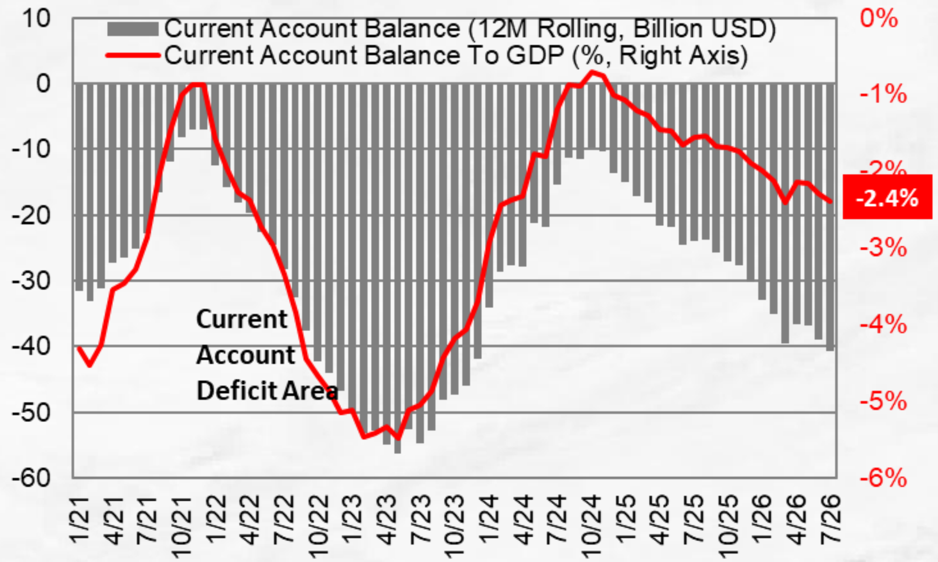
In the week ending September 18:

- **The CBRT's gross reserves declined from USD 178.7 billion to USD 174.4 billion** *(gold: USD 111.6 billion; foreign exchange: USD 62.8 billion).*
- **Net reserves fell from USD 62.3 billion to USD 55.8 billion.**
- **Net reserves excluding swaps decreased from USD 50 billion to USD 43 billion.**

Current Account Balance

The current account deficit-to-GDP ratio edged up, while remaining below historical averages.

Cumulative Current Account and Current Account / GDP Ratio



Foreign Trade Indicators (August 2026)

Foreign Trade Data (Billion USD)	August (Monthly)			August (12M Cumulative)		
	2025	2026	Change (%)	2025	2026	Change (%)
Exports	21,7	23,5	8,1%	269,0	280,3	4,2%
İmports	26,0	28,7	10,5%	356,7	378,0	6,0%
Foreign Trade Volume	47,7	52,2	9,4%	625,7	658,3	5,2%
Foreign Trade Balance	-4,3	-5,2	22,3%	-87,6	-97,8	11,6%
Proportion of imports covered by exports (%)	83,5	81,8		75,4	74,1	

In July, the monthly current account posted a limited surplus of USD 0.04 billion, below market expectations of a USD 0.7 billion surplus. The monthly balance had recorded a USD 4.33 billion deficit in June, while July 2025 had seen a USD 1.76 billion surplus. Despite a slight increase in net services income, the widening trade deficit and the larger primary income deficit—partly offset by a narrowing secondary income deficit—resulted in a more limited current account surplus on an annual basis.

The 12-month cumulative current account deficit rose from USD 39.0 billion in June to USD 40.7 billion in July, marking its highest level since July 2024. Accordingly, the current account deficit-to-GDP ratio edged up from 2.3% to 2.4%.

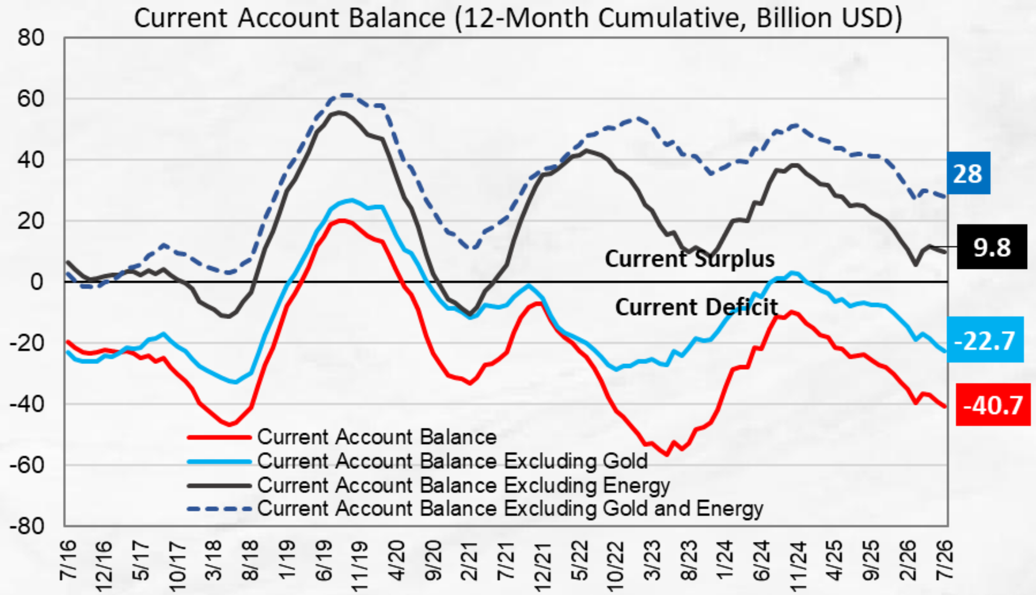
According to the preliminary foreign trade data released by the Ministry of Trade, the foreign trade deficit widened by 22.3% year-on-year in August to USD 5.2 billion.

In August:

- Exports increased by 8.1% year-on-year to USD 23.5 billion, marking the highest August figure on record.
- Imports rose by 10.5% year-on-year to USD 28.7 billion.

Current Account Balance

Monthly Historical Course of the Current Account Balance and Current Account Balance Excluding Gold and Energy.

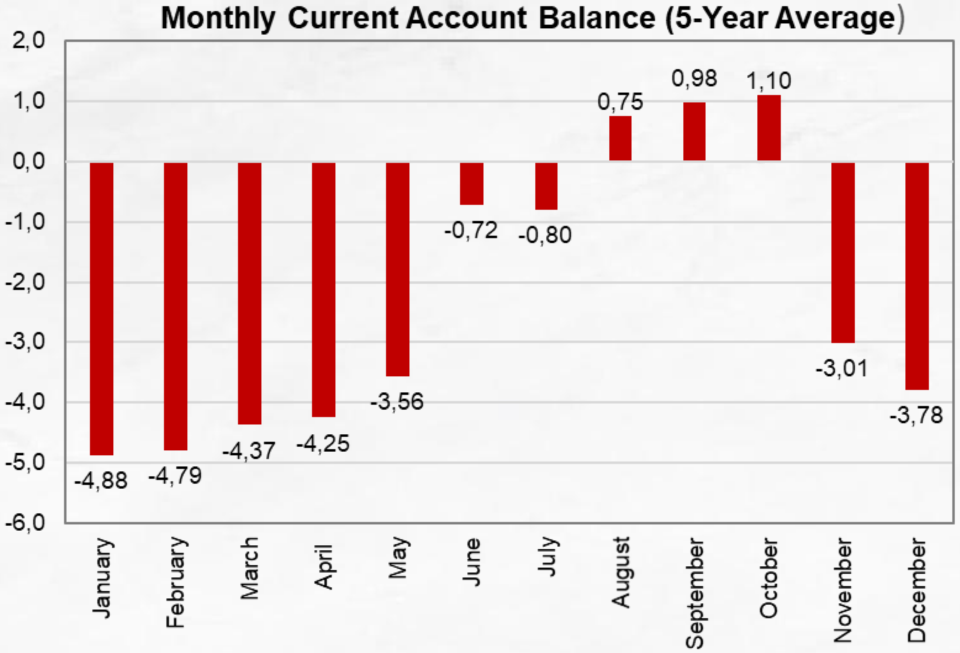


The 12-month cumulative current account deficit increased moderately from USD 39.0 billion in June to USD 40.7 billion in July. The cumulative deficit had reached USD 39.6 billion in March, its highest level since December 2023.

The current account balance excluding gold and energy recorded a monthly surplus of USD 4.97 billion in July, extending its surplus streak to four consecutive months. Meanwhile, the 12-month cumulative surplus excluding gold and energy edged down from USD 28.9 billion to USD 27.8 billion.

On a 12-month cumulative basis, energy imports have remained relatively subdued after reaching a record USD 96.5 billion in December 2022. Energy imports increased moderately from USD 64.5 billion in June to USD 65.2 billion in July.

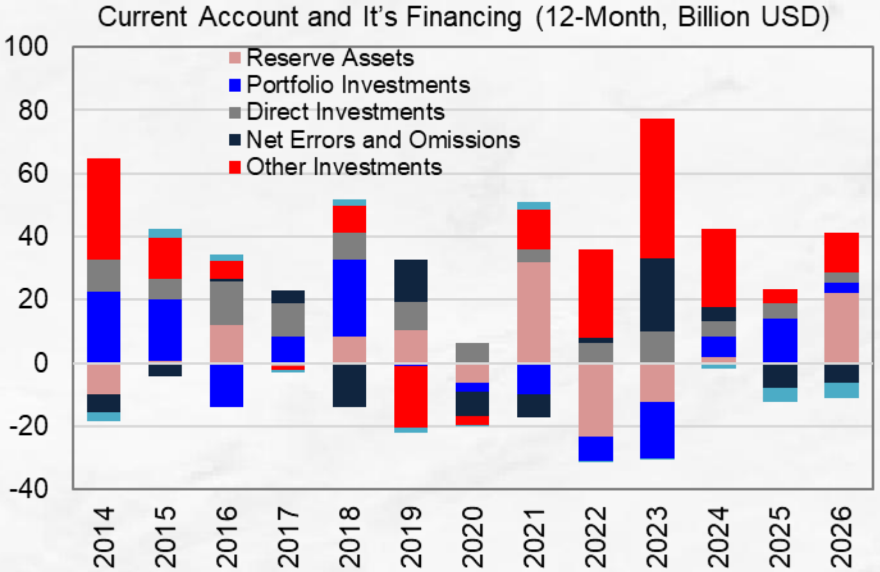
Similarly, although 12-month cumulative gold imports have remained below their record level of USD 33.7 billion reached in August 2023, they have stayed above USD 20 billion for the past 15 months. Gold imports stood at USD 20.9 billion in June and remained unchanged at the same level in July.



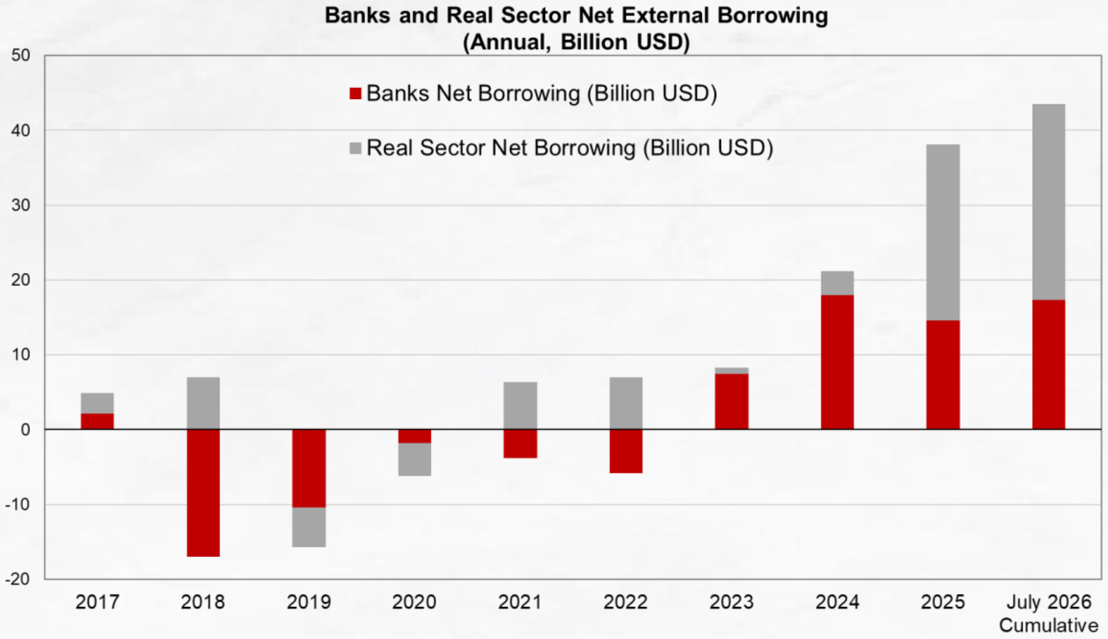
When monthly current account balance figures are examined historically on a 5-year average basis, it is observed that **the months with the largest current account deficit** are the first four months of the year, namely **January to April,** which include the winter period when fuel demand increases, while **the months with the largest current account surplus** are the period **between August and October**, which includes the summer months when the tourism season is lively.

Financing of the C/A Deficit

Improvement in Current Account Deficit Financing



*(+) in reserves indicates a decrease, while (-) indicates an increase in reserves.



In July, the current account posted a smaller surplus than in the same month of the previous year, while foreign capital inflows contributed to a USD 14.2 billion increase in reserves. The net errors and omissions item also recorded an inflow of around USD 0.62 billion, supporting reserve accumulation. Accordingly, despite a monthly current account surplus and net outflows in financial derivatives, reserves increased on the back of inflows in direct investment, portfolio investment and other investment. In July, net outflows of USD 300 million in financial derivatives were more than offset by net inflows of USD 514 million in direct investment, USD 5.84 billion in portfolio investment and USD 7.65 billion in other investment.

As of July 2026, the banking sector and the corporate sector had cumulatively borrowed a net approximately USD 17 billion and USD 26 billion, respectively.

Türkiye's Import and Export Based on Top 10 Countries

Top 20 Countries with the Most Imports and Exports on an Annual Basis and Their Shares by Country (2024)							
Rank	Country	Imports (Thousand USD)	Share in Imports (%)	Rank	Country	Exports (Thousand USD)	Share in Exports (%)
		344 017 272	**100,0%**			**261 801 501**	**100,0%**
1	China	44 930 563	13,1%	1	Germany	20 432 312	7,8%
2	Russia	44 018 616	12,8%	2	US	16 351 880	6,2%
3	Germany	27 084 551	7,9%	3	United Kingdom	15 289 517	5,8%
4	Italy	19 311 975	5,6%	4	Iraq	13 006 477	5,0%
5	US	16 227 487	4,7%	5	Italy	12 953 701	4,9%
6	France	12 499 806	3,6%	6	France	10 038 621	3,8%
7	Switzerland	11 173 800	3,2%	7	Spain	9 782 569	3,7%
8	Spain	9 362 742	2,7%	8	Netherlands	8 568 231	3,3%
9	South Korea	9 245 621	2,7%	9	Russia	8 563 001	3,3%
10	UAE	7 363 388	2,1%	10	UAE	8 294 361	3,2%

- **The US ranks second among the countries to which Türkiye exports the most with USD 16.4 billion (6.2% share), while it ranks fifth among the countries to which it imports the most with USD 16.2 billion (4.7% share).** In this context, it is observed that **Türkiye's annual foreign trade with the US is balanced.**

- **While the product groups that Türkiye imports the most from the US** are primarily machinery, iron and steel, fuels, energy products, etc.**; the product groups that it exports the most** are primarily machinery, precious stones and metals, motor vehicles, mineral fuels, energy products, etc.

CBRT - FED - ECB Meetings Dates Türkiye Credit Rating Calendar and Last Year's Status

	CBRT Monetary Policy Meetings		FED Monetary Policy Meetings	ECB Monetary Policy Meetings
	MPC Meetings	Inflation Report Information Meetings		
January	January 22, 2026	-	January 28, 2026	-
February	-	I - February 12,2026	-	Feb 5, 2026
March	March 12, 2026	-	March 18, 2026	Mar 19, 2026
April	April 22, 2026	-	April 29, 2026	Apr 30, 2026
May	-	II - May 14,2026	-	-
June	June 11, 2026	-	June 17, 2026	Jun 11, 2026
July	July 23, 2026	-	July 29, 2026	Jul 23, 2026
August	-	III - August 13,2026	-	-
September	September 10, 2026	-	September 16, 2026	Sep 10, 2026
October	October 22, 2026	-	October 28, 2026	Oct 29, 2026
November	-	IV - November 12,2026	-	-
December	December 10, 2026	-	December 9, 2026	Dec 17, 2026

Credit Rating Agencies' Calendar for Türkiye		
Fitch	Moody's	S&P
January 23, 2026	January 23, 2026	April 17, 2026
July 17, 2026	July 24, 2026	October 16, 2026

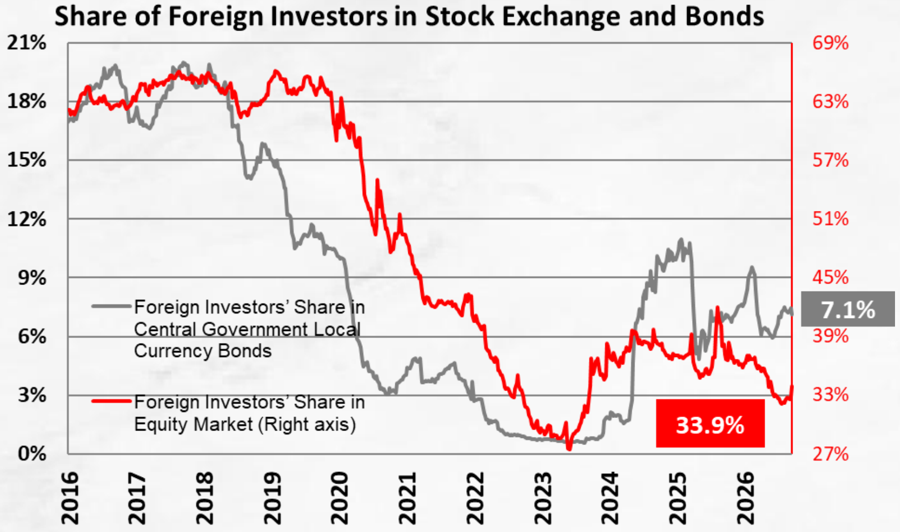
	Meeting Date	ECB Deposit Interest Rate	FED Federal Funds Rate (Lower-Upper Rates)	CBRT One Week Repo Rate
Year 2025	Jan.25	%2.75 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%45,00 (-250 bp rate cut)
	Feb.25	Month without meetings	Month without meetings	Month without meetings
	Mar.25	%2.50 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%42,50 (-250 bp rate cut)
	Apr.25	%2.25 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%46.00 (+350 bp Rate Hike)
	May.25	Month without meetings	Month without meetings	Month without meetings
	Jun.25	%2.00 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%46.00 (Passed)
	Jul.25	%2.00 (Passed)	%4.25 - %4.50 (Passed)	%43.00 (-300 bp rate cut)
	Aug. 25	Month without meetings	Month without meetings	Month without meetings
	Sep. 25	%2.00 (Passed)	%4 - %4.25 (-25 bp rate cut)	%40.50 (-250 bp rate cut)
	Oct. 25	%2.00 (Passed)	%3.75 - %4 (-25 bp rate cut)	%39.50 (-100 bp Cut)
	Nov. 25	Month without meetings	Month without meetings	Month without meetings
	Dec. 25	%2.00 (Passed)	%3.5 - %3.75 (-25 bp rate cut)	%38 (-150 bp cut)
Year 2026	Jan.26	Month without meetings	%3.5 - %3.75 (Passed)	%37 (-100 bp cut)
	Feb.26	%2.00 (Passed)	Month without meetings	Month without meetings
	Mar.26	%2.00 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	Apr. 26	%2.00 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	May.26	Month without meetings	Month without meetings	Month without meetings
	Jun. 26	%2.25 (25 bp rate hike)	%3.5 - %3.75 (Passed)	%37 (Passed)
	July 26	%2.25 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	August 26	Month without meetings	Month without meetings	Month without meetings
	Sep 26	%2.5 (25 bp rate hike)	%3.75-4 (25 bp rate hike)	%37 (Passed)
Summary	One Year Summary	6 Passed, 2 Rate Hike (Total 50 bp rate hike)	2 rate cut, 5 Passed , 1 Rate Hike (Total 25 bp rate cut)	3 rate cut, 5 Passed, (Total 450 bp rate cut)
	Expectations for 2026	At least 2.75%	25 bps rate hike -> %4 - %4.25*	200 bps cuts to 35%

*Fed September projections.

Portfolio Flows of Foreign Investors

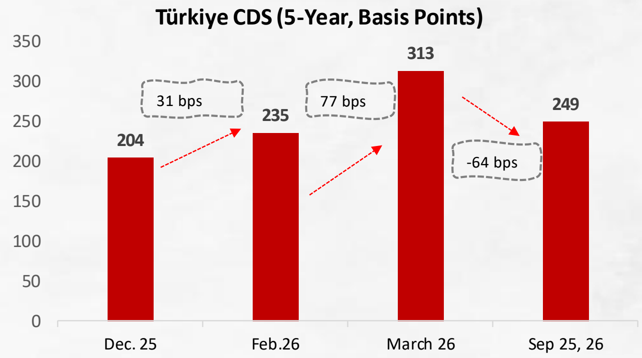
Foreign investors recorded net equity sales of USD 109.8 million in the week ending September 18. This marked a return to outflows following the USD 277.7 million net purchase in the previous week. Year-to-date net equity purchases stood at approximately **USD 1.6 billion**. **Foreign investors' share in the equity market rose to 33.9% as of September 18**, compared with 32.9% on September 11 and 35.8% at end-2025.

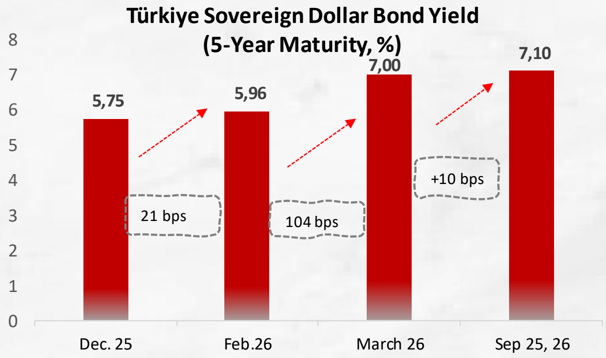
Foreign investors also recorded net sales of around USD 116.9 million in the domestic bond market during the week ending September 18. Nevertheless, following cumulative purchases of USD 308 million over the previous two weeks, their year-to-date net bond purchases remained at around **USD 2.2 billion**. **Foreign investors' share in outstanding government domestic debt securities (excluding repos) declined to 7.1% as of September 18**, from 7.4% on September 11 and 7.6% at end-2025.

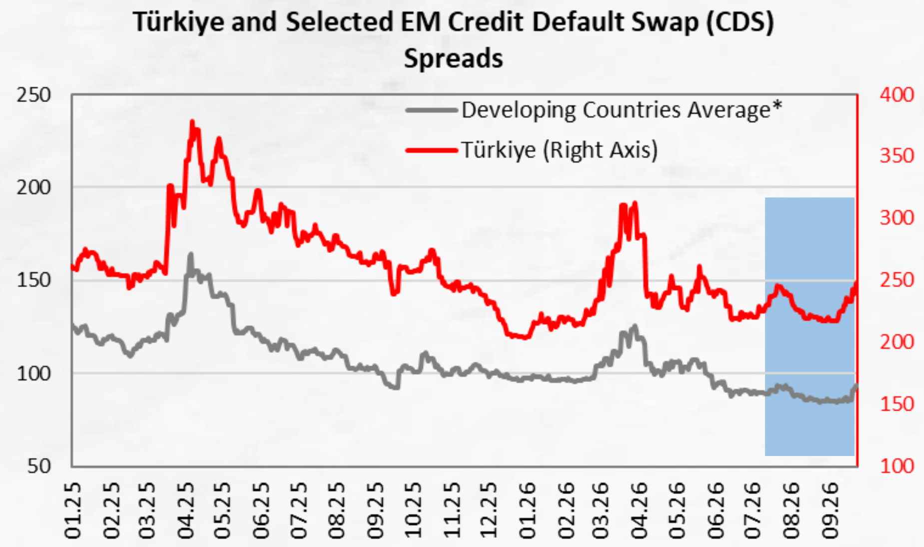


Net Purchases and Sales of Foreign Investors' in Equity And Goverment Currency Bonds				
llion	2023	2024	2025	As of the beginning of 2026
Equities	1.389	-2.696	2.268	1.578
GDDS (Bonds)	2.004	16.088	2.865	2.182

Türkiye's CDS and Credit Rating







*EMs: Brazil, Colombia, Mexico, Chile, Indonesia, the Philippines, Malaysia, South Africa

Fitch	Moody's	S&P
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
BB+	Ba1	BB+
BB	Ba2	BB
BB-	**Ba3**	**BB-**
B+	B1	B+
B	B2	B
B-	B3	B-
Stable	*Stable*	*Stable*

Investment Grade

Speculative Grade

***The red-colored sections indicate Türkiye's credit rating.**

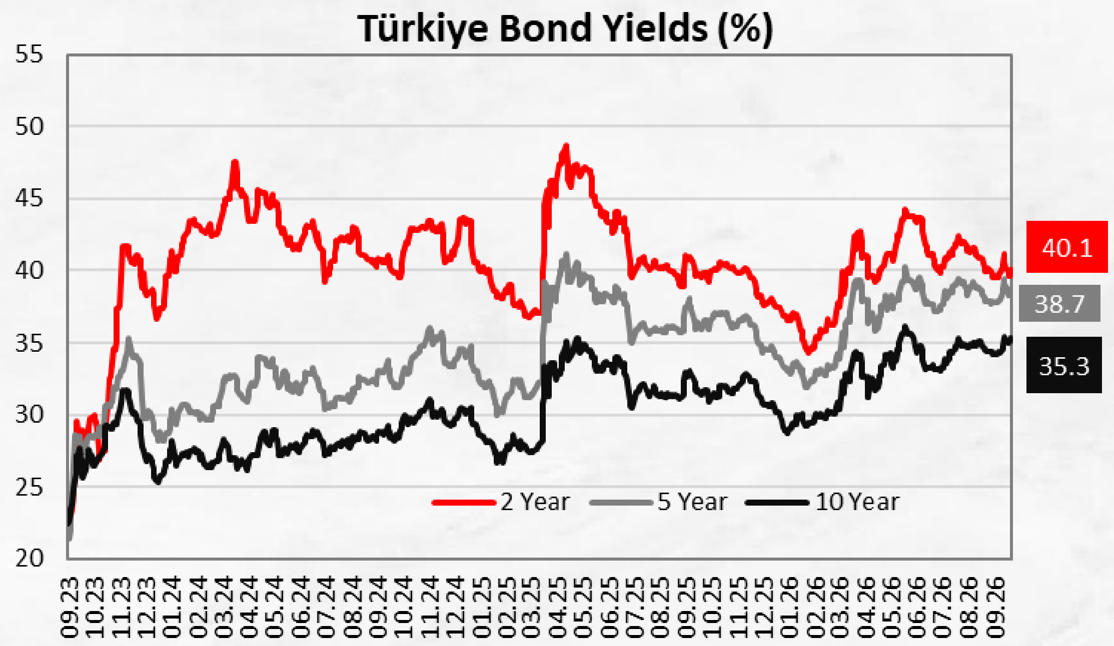
Türkiye's **5-year CDS** currently stands at around **249 basis points.**

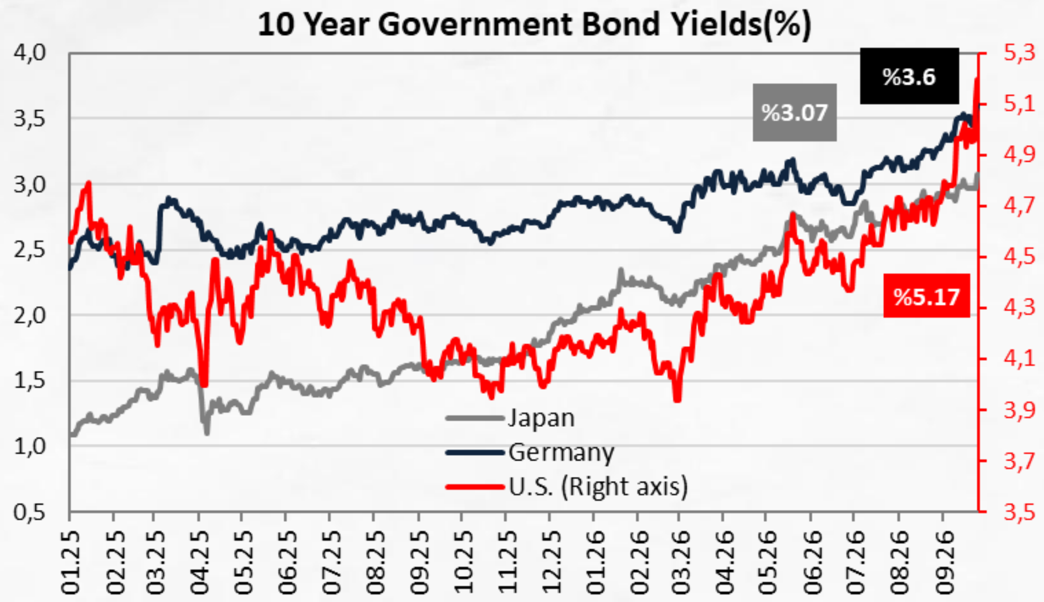
- Türkiye's CDS premium recorded its **lowest level at 110.9 basis points on May 9, 2013**, while it reached its **highest level at 895.8 basis points on July 14, 2022**. A decline in CDS spreads facilitates **external borrowing at lower costs and with longer maturities**, easing access to international financing.

- **In 2024,** Türkiye was the only country to receive a two-notch upgrade from all **three major credit rating agencies.** In July 2025, Moody's upgraded Türkiye's sovereign credit rating from "B1" to "Ba3" and revised the outlook from "positive" to "stable".

- Fitch upgraded Türkiye's credit rating outlook from "stable" to "positive" at its January 2026 meeting. **In April 2026**, Fitch, in an unscheduled review, affirmed Türkiye's long-term foreign-currency sovereign credit rating at **BB-**, while revising the outlook from **positive to stable**.

Türkiye Benchmark Goverment Bond Yields and Selected Countries' 10-Year Bond Yield Outlook

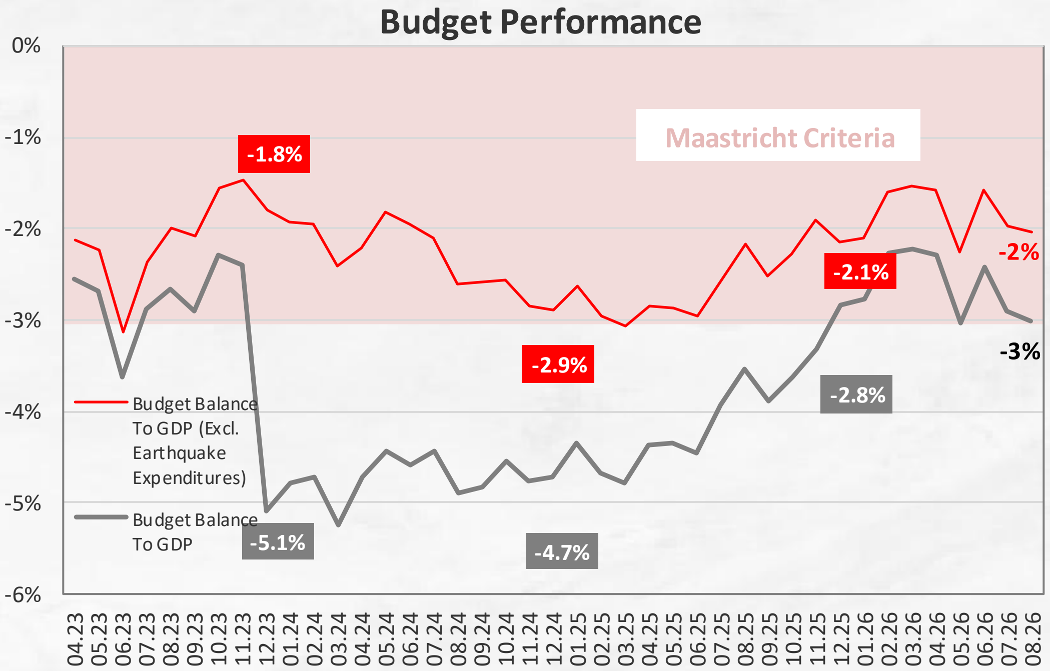




In addition to pressure from rising US Treasury yields on emerging-market assets, liquidity sensitivity in the domestic fund market continues to affect TL bond pricing. Nevertheless, the two-year benchmark yield, which tested above 41% on September 17, has eased to around 40%, signalling partial stabilization. It remains well above the roughly 36% level prevailing before February 28, when geopolitical tensions escalated sharply.

Following the Fed decision, a consistent run of hawkish remarks from officials signalled persistent inflation risks and kept the prospect of further tightening alive. Large fiscal deficits, heavy Treasury issuance and the stronger demand for capital associated with AI investment continue to exert upward pressure on long-term yields. While the Treasury's expanded buyback programme supports market liquidity, it does not reduce the government's borrowing requirement. Bond yields therefore remain under pressure.

Budget Balance and Fiscal Discipline



The budget posted a TRY 12.9 billion surplus in August, improving from a TRY 378 billion deficit in July; however, this was well below the TRY 97 billion surplus recorded in the same month last year.

The 12-month cumulative budget deficit-to-GDP ratio rose to 3.0% in August from 2.9% in July. While still markedly below the 4.7% recorded at end-2024, it remains slightly above the 2.8% level at end-2025.

**The calculation uses cumulative GDP data for the second quarter of 2026.*

The budget deficit-to-GDP ratio averaged 4.7% and 4.0% in 2024 and 2025, respectively.

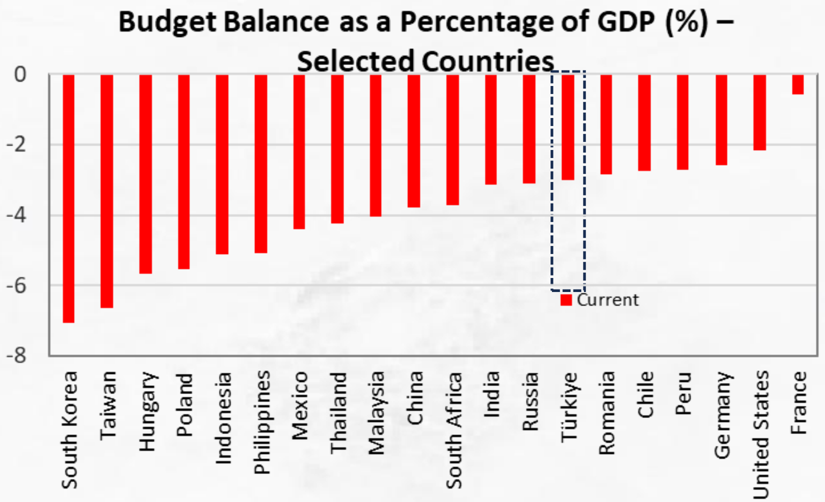
Outturns and Forecasts

	December-23	December-24	December-25	January-26	February-26	Mar.26	April-26	May-26	June-26	July-26	August-26
Budget Balance (Monthly, Billion TL)	- 848	- 831	- 528	- 215	24	- 230	- 339	- 298	114	- 378	13
Budget Balance (12-Month Cumulative, Billion TL)	- 1.380	- 2.108	- 1.799	- 1.874	- 1.540	- 1.508	- 1.672	- 2.206	- 1.761	- 2.116	- 2.200
Budget Balance/GDP Ratio (12-Month Cumulative)	-5,1%	-4,7%	-2,8%	-2,8%	-2,3%	-2,2%	-2,5%	-3,3%	-2,6%	-3,1%	-3,0%
Budget Balance Excluding Earthquake Expenditures / GDP Ratio	-1,8%	-2,9%	-2,1%	-2,1%	-1,6%	-1,5%	-1,7%	-2,4%	-1,7%	-2,1%	-2,0%

The MTP revised down its 2026 budget deficit-to-GDP target to 3.1%, from 3.5%.

At 2.8%, the 2025 budget deficit-to-GDP ratio was lower than the OVP's 3.6% year-end target. Excluding earthquake-related expenditure, the budget deficit-to-GDP ratio stood at 2.1% in 2025—well below the Maastricht criterion—and remained at 2.0% as of August 2026.

Türkiye is exhibiting a relatively strong fiscal performance compared to its peers.



Summary of Developments in the Turkish Economy

CURRENT SITUATION							
Data		End-2025	Last Week 18.09.2026	Latest Data 25.09.2026	Weekly Change (bps, USD, %)	Change Since End-2025 (bps, USD, %)	Latest Data (Date & Time)
Benchmark Bond Yield (%)	2-Year	36,84%	40,11%	40,10%	-0,01%	3,26%	25.09.2026 (13.45)
	5-Year	33,28%	38,89%	38,71%	-0,18%	5,43%	25.09.2026 (13.45)
	10-Year	28,96%	35,13%	35,30%	0,17%	6,34%	25.09.2026 (13.45)
Rate(%)	Policy Rate	38,00%	37,00%	37,00%	0,00%	-1,00%	25.09.2026 (13.45)
	Upper Bound	41,00%	40,00%	40,00%	0,00%	-1,00%	25.09.2026 (13.45)
	Lower Bound	36,50%	35,50%	35,50%	0,00%	-1,00%	25.09.2026 (13.45)
	TLRef	37,96%	36,52%	36,72%	0,20%	-1,24%	24.09.2026 (23.59)
Credit Default Swap (CDS) (bps)	CDS	205	233	249	16,2	44,4	25.09.2026 (13.45)
Reserves	Gross (Billion USD)	193,9	178,7	174,4	-4,3	-19,5	18.09.2026 (23.59)
	Excluding Swaps (Billion USD)	67,5	50,0	43,1	-6,9	-24,4	18.09.2026 (23.59)
Exchange Rates	USD/TRY	42,9557	48,7779	48,9651	0,38%	13,99%	25.09.2026 (13.45)
	EUR/TRY	50,5184	56,0574	55,8477	-0,37%	10,55%	25.09.2026 (13.45)
	EUR/USD	1,1746	1,1486	1,1397	-0,77%	-2,97%	25.09.2026 (13.45)
	Dollar Index	98,322	100,2220	101,0400	0,82%	2,76%	25.09.2026 (13.45)
Gold	Ounce (USD)	4.319	4.379	4.305	-1,7%	-0,3%	25.09.2026 (13.45)
	Per Gram (TRY)	5.966	6.868	6.779	-1,3%	13,6%	25.09.2026 (13.45)
BİST	BIST 100	11.262	13.284	12.923	-2,7%	14,7%	25.09.2026 (13.45)
	BIST 30	12.224	16.182	16.004	-1,1%	30,9%	25.09.2026 (13.45)
	Banking Index	16.540	16.406	16.333	-0,44%	-1,3%	25.09.2026 (13.45)
Investment Funds (Million TRY)	Volume	8.467.696	10.280.954	10.013.366	-2,6%	18,3%	24.09.2026 (23.59)

Banking Sector

Banking Sector Balance Sheet
The Trend of Loans
Distribution of Loans
Distribution of Commercial Loans
The Trend of Deposits
Dollarization
Investment Funds
Total Shareholders’ Equity and Return on Equity (ROE)
Non-Performing Loan (NPL) Ratio
The Number of Concordatum and Debt Ratios
Protested Promissory Notes and Dishonored Checks
SWOT Analysis

Banking Sector Balance Sheet

The balance sheet of the banking sector continues to grow.

Selected balance sheet items
18.09.2026

	Bn TRY	Bn USD	Bn TRY		Bn TRY	Bn USD	Bn TRY
Liquid assets	4.890	139	11.625	Deposits	19.968	259	32.553
Securities	5.299	57	8.046	Savings deposits	10.216	166	18.248
				Commercial deposits	7.535	85	11.649
Loans	17.962	212	28.238	Public Sector and Other	2.218	9	2.657
Commercial Loans	11.082	212	21.346	FX-Protected TL Deposit (For information)	0	0	0
Corporate Loans	4.852	184	13.775				
SME Loans	6.230	28	7.571	Non Deposit Funds	3.866	211	14.114
Consumer Loans	6.880	0	6.891	Foreign banks	313	130	6.600
Housing Loans	835	0	835				
GPL	2.575	0	2.575	Regulatory Capital	6.056	0	6.056
Vehicle Loans	41	0	41				
Consumer Credit Cards	3.429	0	3.440				
Non-Performing Loans	215	0	218				
Gross NPL	865	0	876				
Special Reserves (-)	650	0	659				
Total (estimate)	34.936	431	55.311	Total (estimate)	32.391	488	55.311

The Trend of Loans

TL loans slowed in 2024 but accelerated in 2025; conversely, FX loans slowed.
TL loans are performing moderately in 2026, whereas foreign currency (FC) loans follow a weak course.

Selected Balance Sheet Items of the Turkish Banking Sector (Change Compared to the Previous Year-End, %)	2023	2024	2025	Sep-26	Sep-26 (Annualized)
Total Loans	54,0	36,7	43,9	23,4	32,1
TRY	54,0	28,6	42,6	25,4	34,8
FX (TRY Equivalent)	53,0	55,2	46,0	20,1	27,5
FX (USD Equivalent)	-3,0	29,7	19,5	5,7	7,8
Commercial Loans	48,0	35,7	43,1	23,4	32,0
Corporate Loans	44,0	36,8	40,6	23,5	32,2
SME Loans	57,0	33,6	47,7	23,1	31,6
Consumer Loans	74,0	43,5	46,5	23,6	32,3

There is a limit on credit growth except for selected sectors:

Eight-week increase;

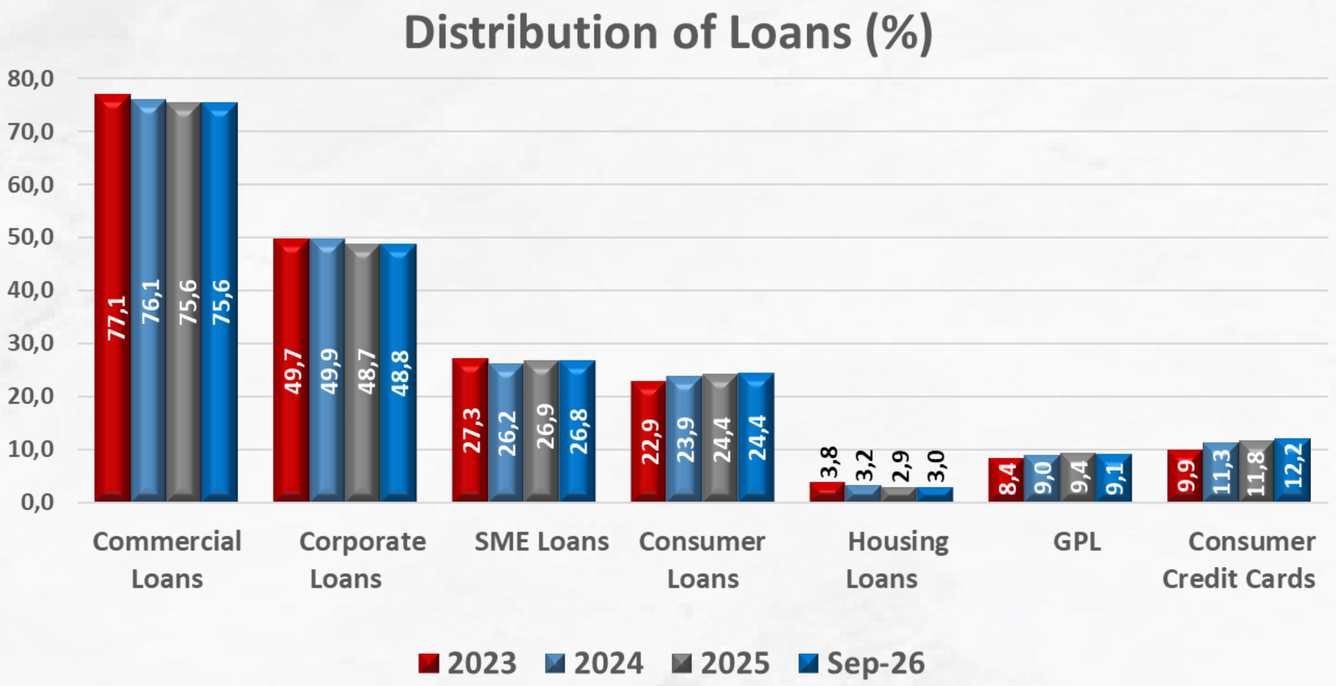
- 2,0% for **TL loans**; 4,5% for **SME loans**
- 3,0% growth limit for **consumer and vehicle loans**
- 0.5% on **FX loans**
- 1,0% on **Overdraft Account Limits**

Additionally, the total reserve requirement is at 15% of the loans.

Distribution of Loans

The share of commercial and consumer loans remained flat at the end of the year.

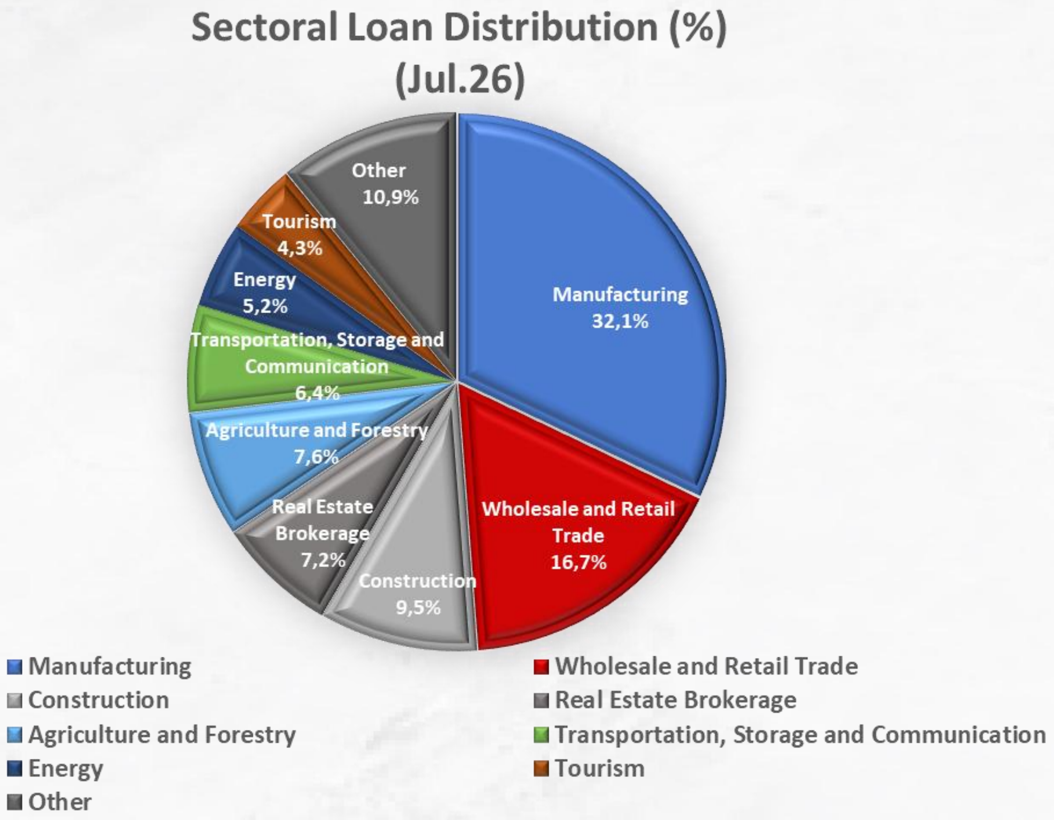
Distribution of Loans (%)	2023	2024	2025	Sep-26
Total Loans	100	100	100	100
Commercial Loans	77,1	76,1	75,6	75,6
Corporate Loans	49,7	49,9	48,7	48,8
SME Loans	27,3	26,2	26,9	26,8
Consumer Loans	22,9	23,9	24,4	24,4
Housing Loans	3,8	3,2	2,9	3,0
GPL	8,4	9,0	9,4	9,1
Vehicle Loans	0,8	0,5	0,2	0,1
Consumer Credit Cards	9,9	11,3	11,8	12,2



Distribution of Commercial Loans Based on Selected Sectors

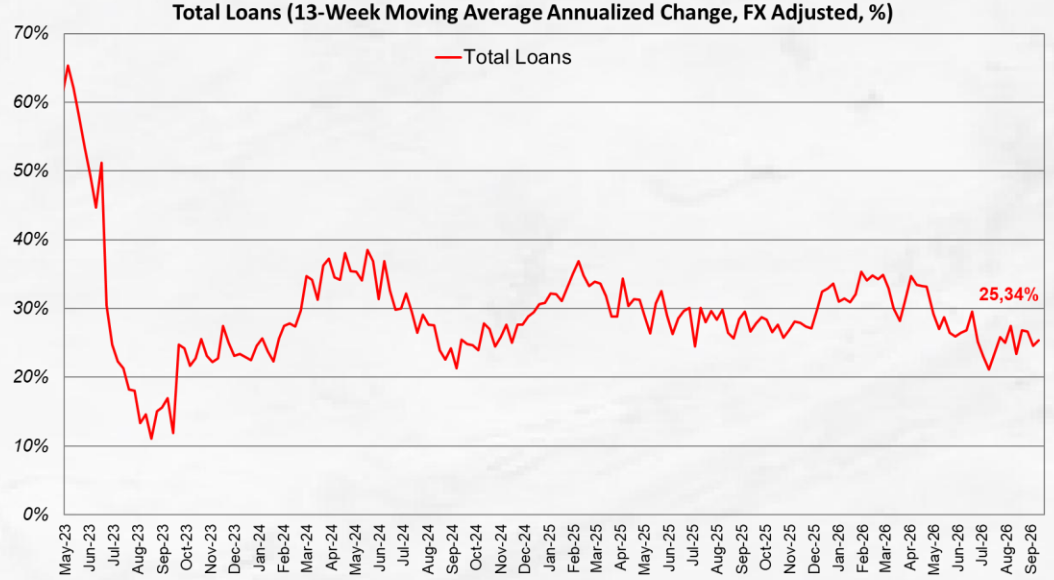
Compared to the end of the year, the share of the 'Construction', 'Wholesale and Retail Trade', 'Agriculture' and 'Tourism' sectors increased in commercial loans.

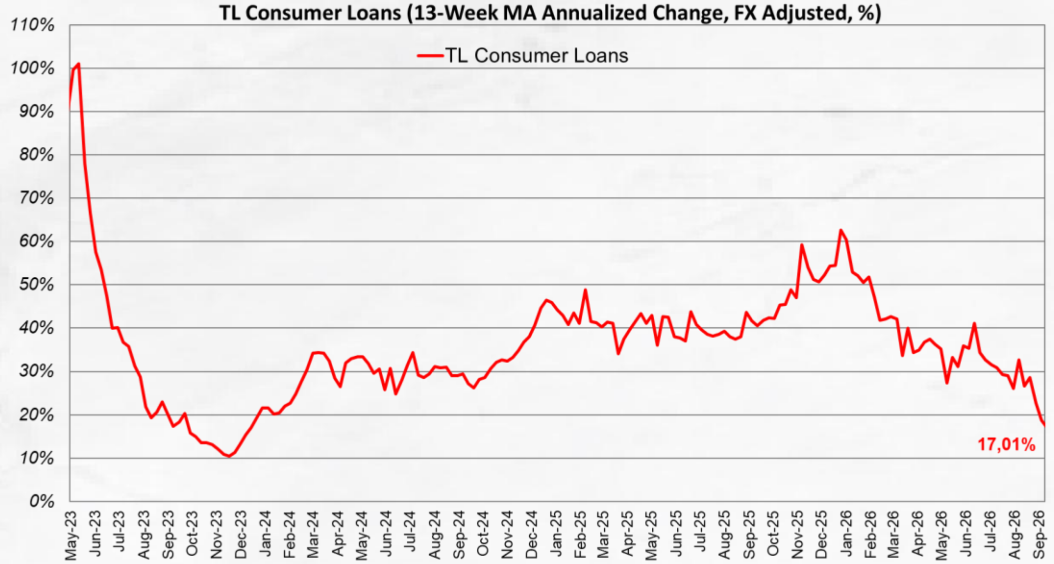
Sectoral Loan Distribution Selected Sectors (%)	2024	2025	Mar.26	Jun.26	Jul.26
Total Loans	100,0	100,0	100,0	100,0	100,0
Manufacturing	32,5	32,3	32,4	32,3	32,1
Wholesale and Retail Trade	16,3	16,4	16,7	16,6	16,7
Construction	8,8	9,1	9,1	9,4	9,5
Real Estate Brokerage	7,6	7,6	7,2	7,2	7,2
Agriculture and Forestry	7,5	7,4	7,6	7,6	7,6
Transportation, Storage and Communication	6,7	6,8	6,6	6,5	6,4
Energy	6,0	5,3	5,3	5,2	5,2
Tourism	4,0	4,1	4,3	4,3	4,3
Other	10,8	10,9	10,8	10,9	10,9

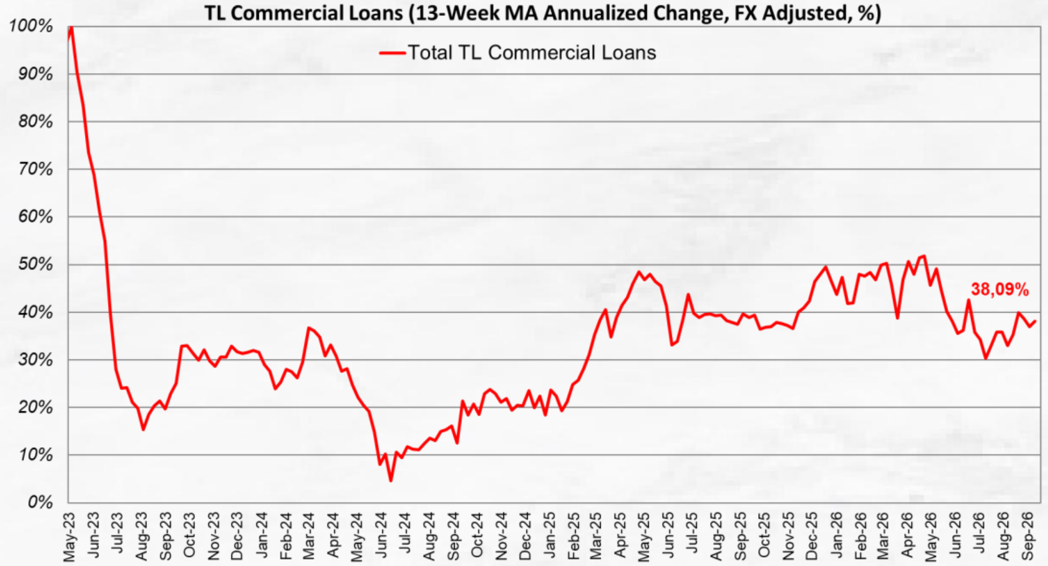


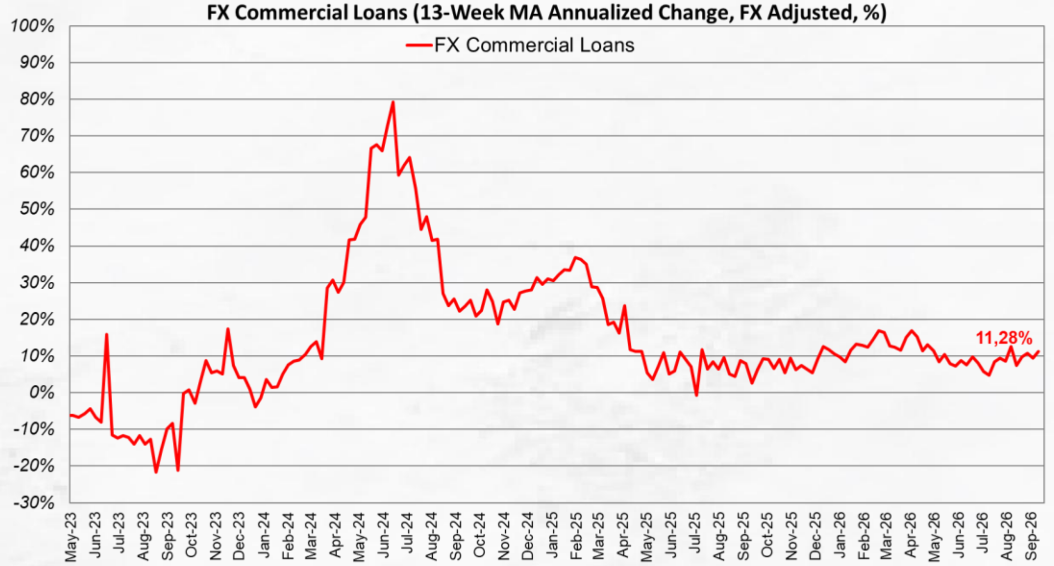
Loans Growth Trend

While the growth rates of TL commercial loans are moderate, the growth rate of FX commercial loans is at very low levels.



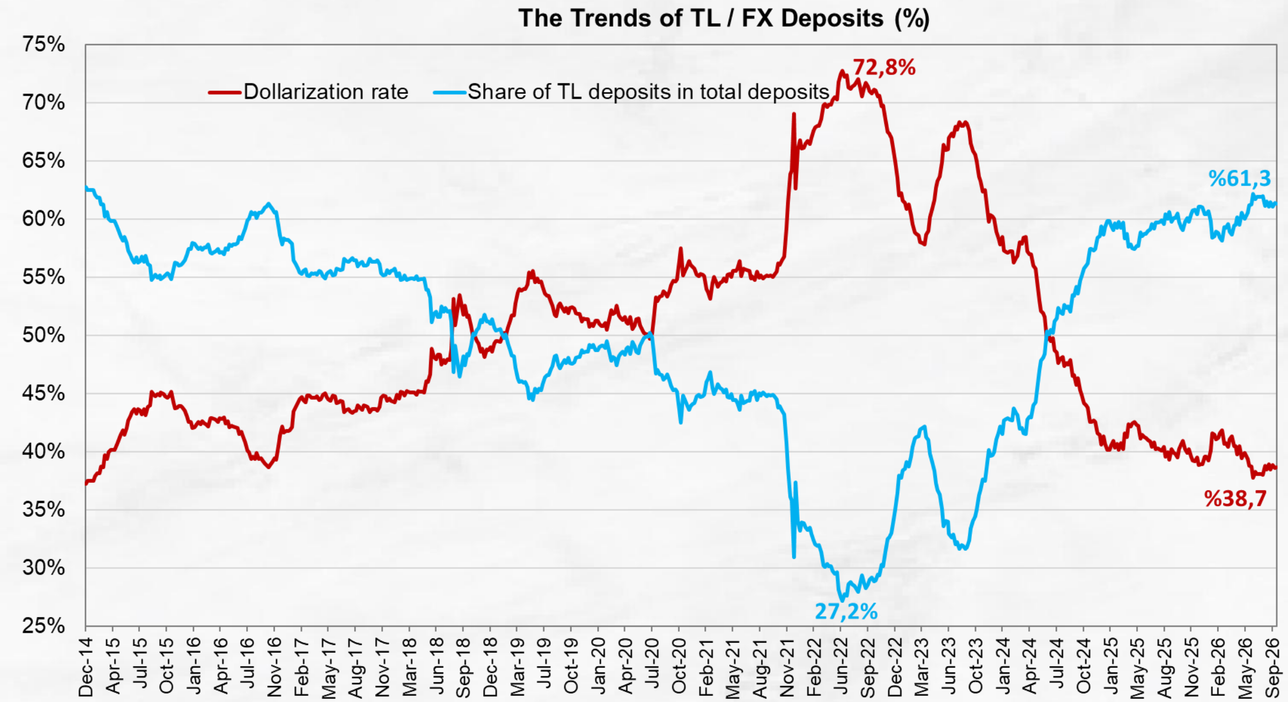


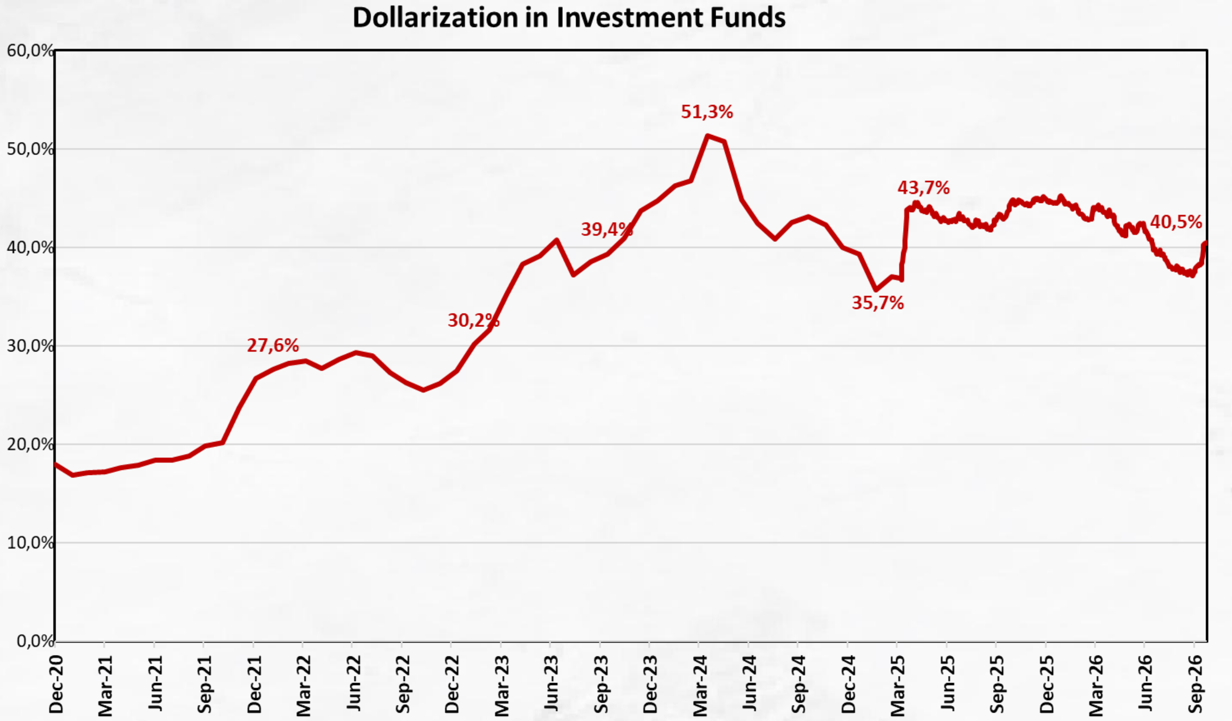




Dollarization in Deposits and Investment Funds

Dollarization in Deposits and Investment Funds are Following a Fluctuating Trend.





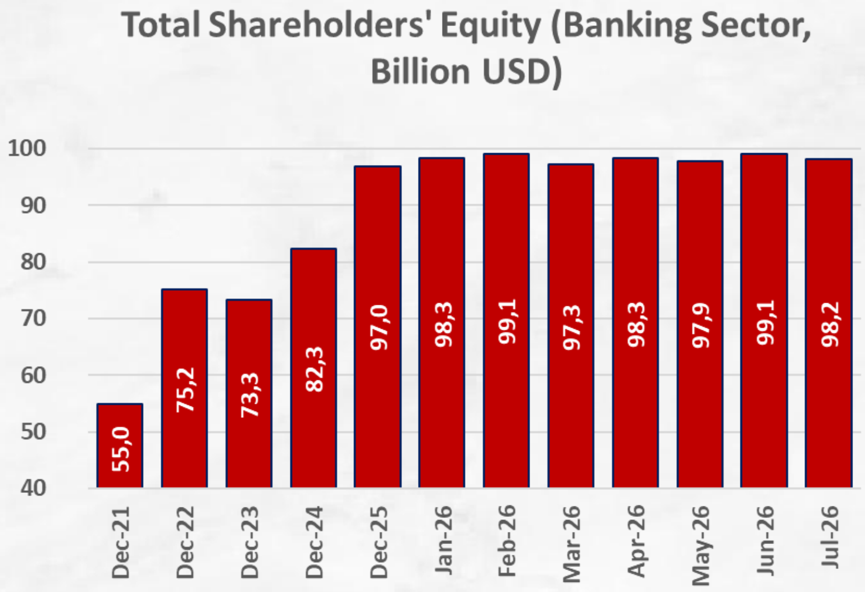
Investment Funds

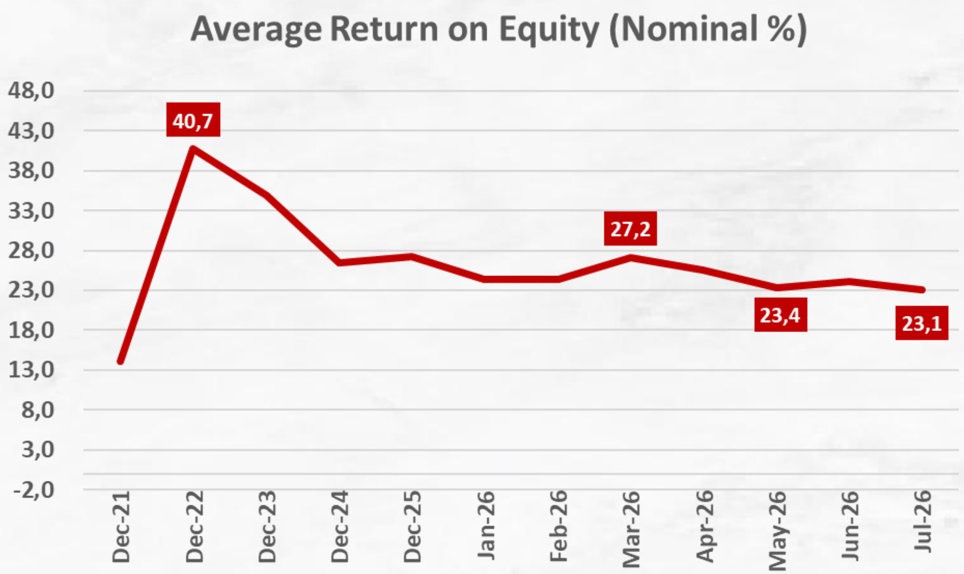
Money Market Funds and Hedge Funds have been declining since the end of August.

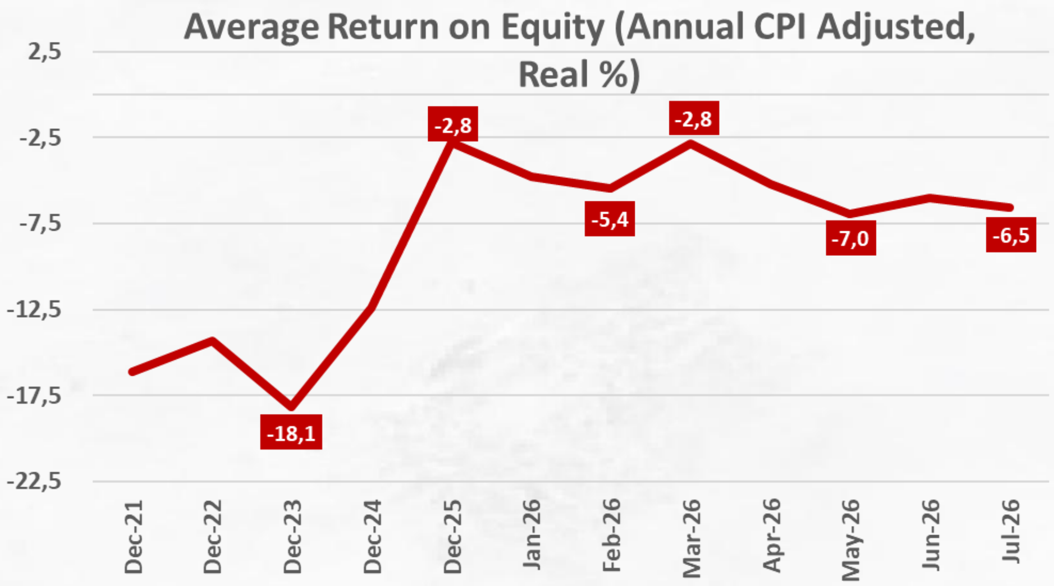
Investment Funds Volume (Million TL)									
	2025	Mar.26	Jun.26	Sep.26	Change From The End of The Year	Share of Total (%) - Dec.2025	Share of Total (%) - Sep.2026	Change in Share	YTD Growth Rate
Money Market Funds (I + II)	2.588.172	2.476.398	2.994.274	3.189.983	601.811	30,6	31,7	1,1	23,3%
(I) Conventional Money Market Funds	1.470.416	1.291.562	1.691.282	1.735.030	264.614	17,4	17,2	-0,1	18,0%
(II) Money Market Hedge Funds	1.117.756	1.184.835	1.302.991	1.454.952	337.196	13,2	14,4	1,2	30,2%
Hedge Funds (Excluding Money Market Funds)	3.890.384	4.078.099	4.599.351	4.475.775	585.392	45,9	44,4	-1,5	15,0%
Foreign Exchange (FX) Hedge Funds	2.908.702	2.856.418	2.990.452	3.082.539	173.837	34,4	30,6	-3,8	6,0%
Venture Capital Investment Funds	422.829	449.878	482.571	504.705	81.876	5,0	5,0	0,0	19,4%
Participation Funds	349.206	357.182	402.501	457.981	108.775	4,1	4,5	0,4	31,1%
Debt Instruments Funds	175.331	168.532	181.240	223.842	48.511	2,1	2,2	0,2	27,7%
Real Estate Investment Funds	205.376	212.864	226.403	234.807	29.431	2,4	2,3	-0,1	14,3%
Stock Funds	155.082	173.948	234.035	169.438	14.356	1,8	1,7	-0,2	9,3%
Exchange Traded Funds (ETFs)	308.332	351.467	341.580	406.993	98.661	3,6	4,0	0,4	32,0%
Precious Metals Funds	179.560	219.339	184.233	191.378	11.817	2,1	1,9	-0,2	6,6%
Funds of Funds	108.589	130.550	116.431	111.123	2.533	1,3	1,1	-0,2	2,3%
Balanced and Flexible Funds	84.834	108.873	143.249	107.228	22.393	1,0	1,1	0,1	26,4%
Total	8.467.696	8.727.129	9.908.921	10.076.929	1.609.232	100,0	100,0	0,0	19,0%

- At the end of 2024, the CMB has introduced an obligation for money market funds, excluding funds that have the word "**participation**" in their title, to invest in **10% government domestic debt securities**. Following this regulation, it has been observed that the **demand for these funds** has decreased and interest has shifted to **hedge funds.**

Total Shareholders’ Equity and Return on Equity (ROE)



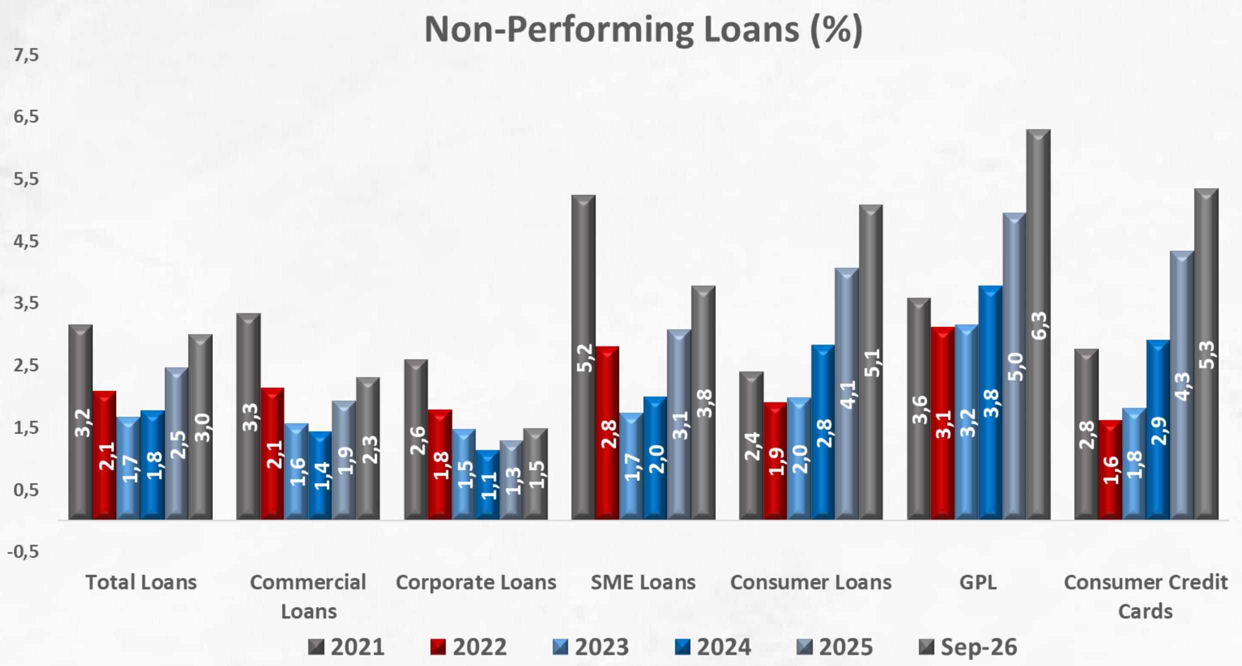




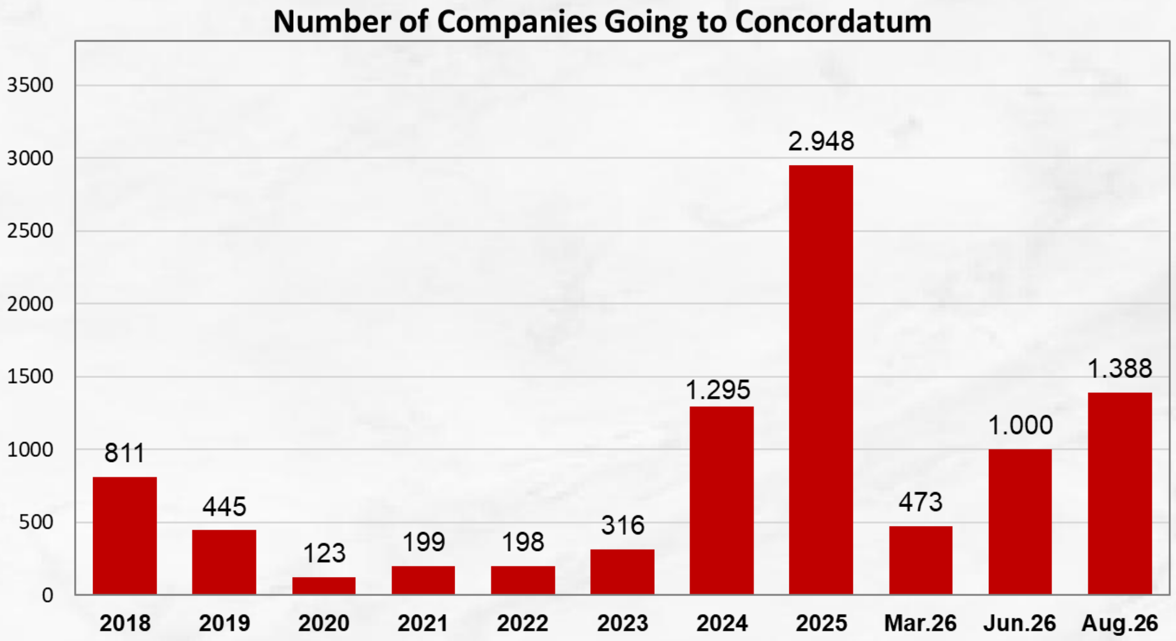
Non-Performing Loan Ratio (NPL Ratio)

While the non-performing loan ratio showed a slight increase in commercial loans, it rose more rapidly in personal loans.

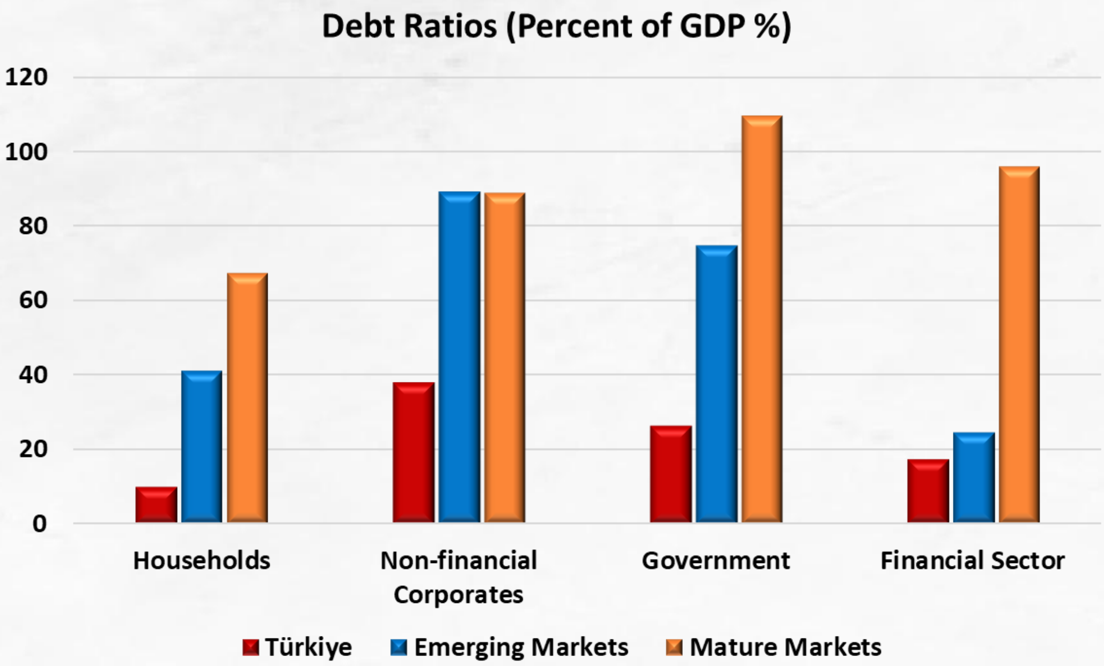
Non-Performing Loans (%)	2020	2021	2022	2023	2024	2025	Sep-26
Total Loans	4,2	3,2	2,1	1,7	1,8	2,5	3,0
Commercial Loans	4,9	3,3	2,1	1,6	1,4	1,9	2,3
Corporate Loans	3,9	2,6	1,8	1,5	1,1	1,3	1,5
SME Loans	6,9	5,2	2,8	1,7	2,0	3,1	3,8
Consumer Loans	2,2	2,4	1,9	2,0	2,8	4,1	5,1
Housing Loans	0,3	0,3	0,2	0,1	0,1	0,2	0,2
GPL	2,9	3,6	3,1	3,2	3,8	5,0	6,3
Vehicle Loans	0,9	1,1	0,2	0,2	0,4	0,6	1,3
Consumer Credit Cards	3,0	2,8	1,6	1,8	2,9	4,3	5,3



The Number of Concordatum and Debt Ratios

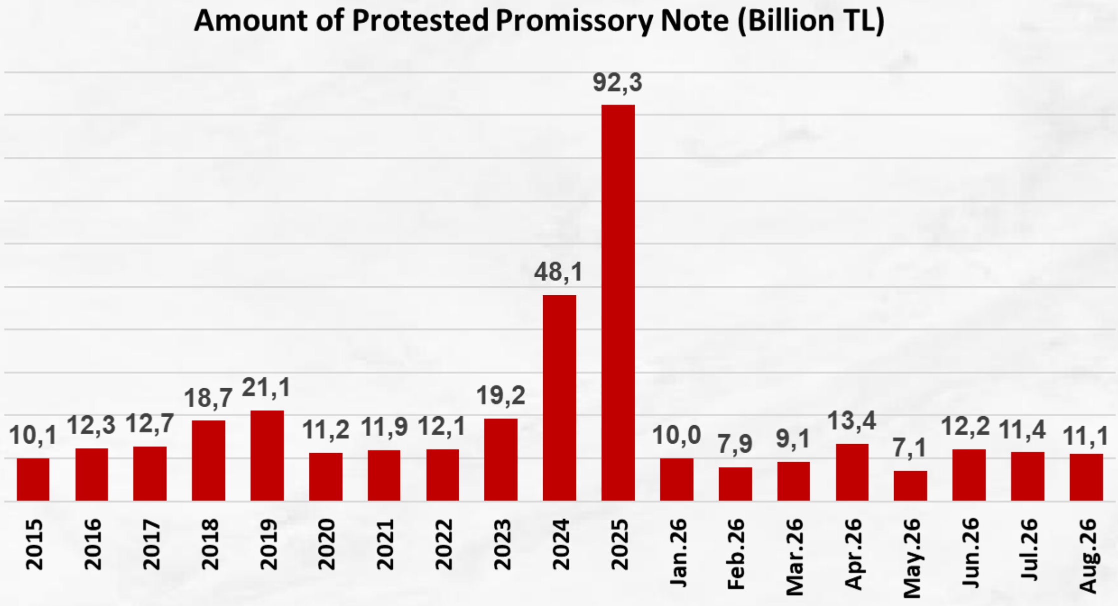


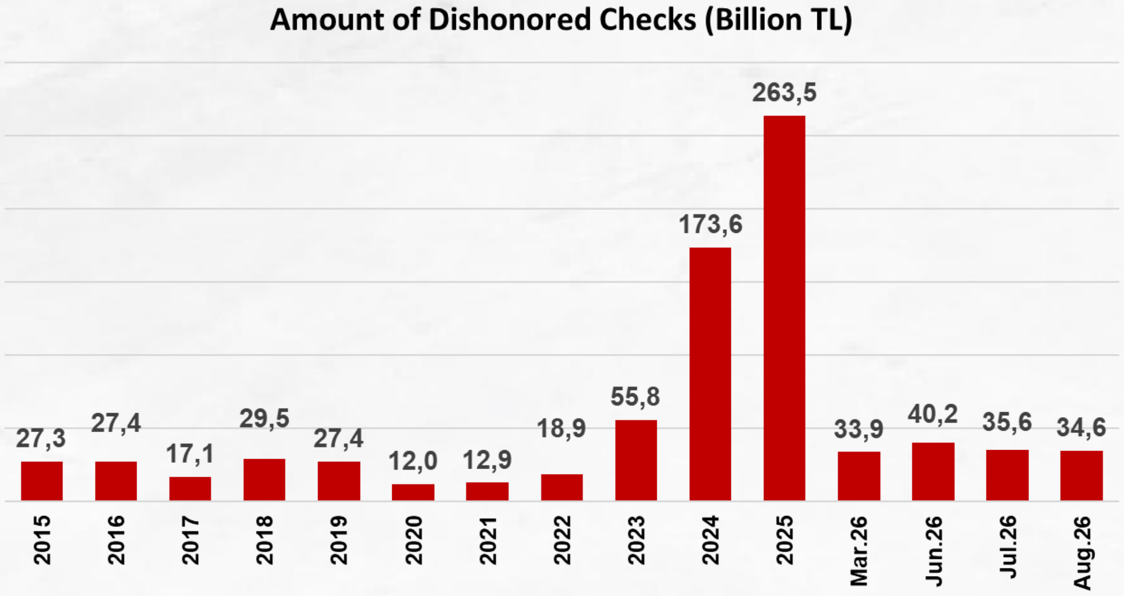
- When the status of the sectors is evaluated according to the concordatum applications, it is seen that the **construction and textile sectors** are the most risky sectors. However, it is observed that the **food, agriculture and manufacturing sectors** stand out as the most fragile sectors.



Debt Ratios (Percent of GDP %) March 2026	Türkiye	Emerging Markets	Mature Markets
Total	91	229	361
Households	10	41	67
Non-financial Corporates	38	89	89
Government	26	75	109
Financial Sector	17	25	96

Amounts of Protested Promissory Notes and Dishonored Checks



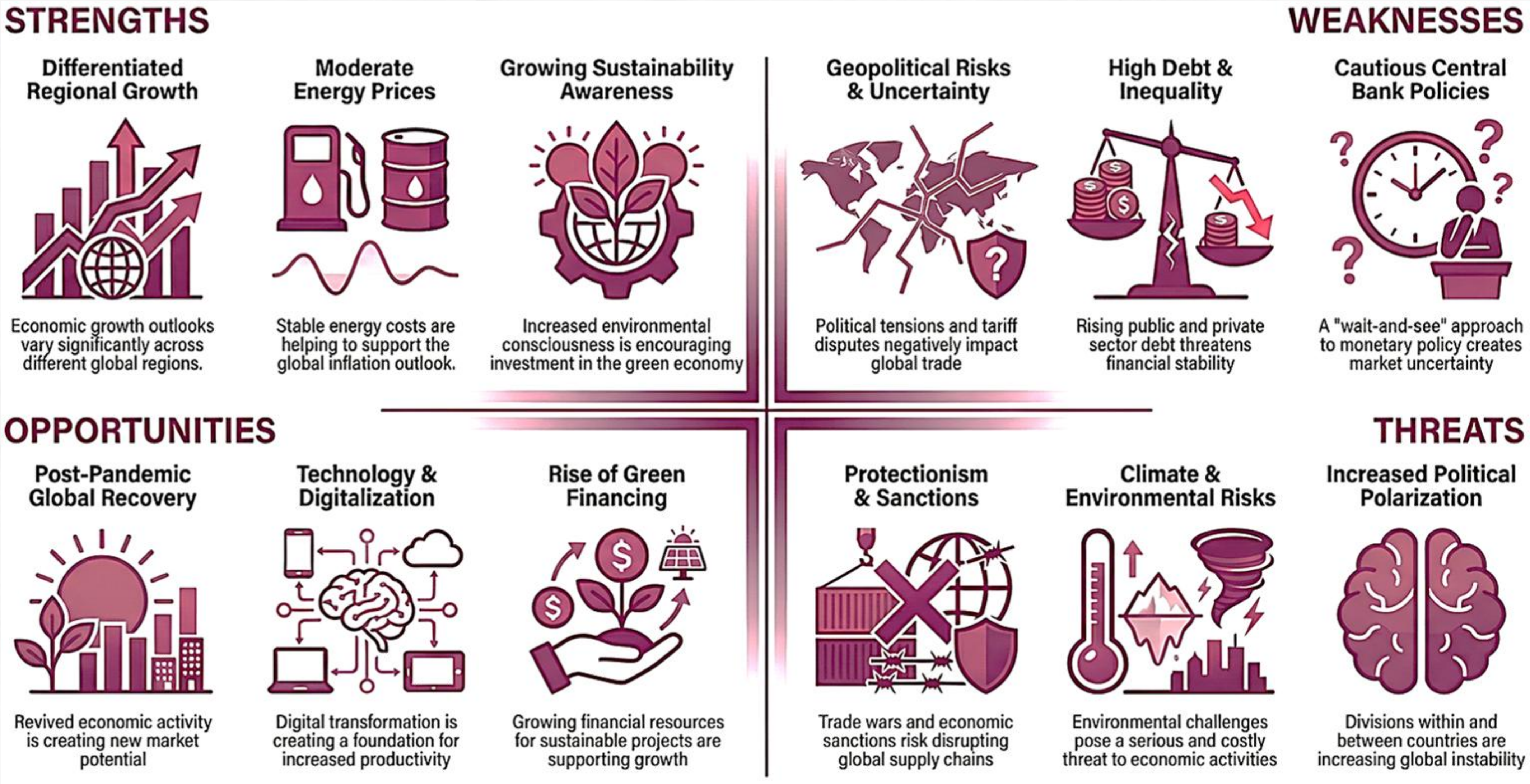


- The amount of protested bills of exchange **increased by 92.1%** in 2025 compared to the previous year, reaching a peak of **92.3 billion TL**.
- **In August 2026,** it was recorded at **11.1 billion TL,** representing a **58% increase** compared to the same period of the previous year.

- The amount of bounced checks **increased by 52%** in 2025 compared to the previous year, reaching a peak of **263.5 billion TL.**
- **In August 2026,** it was recorded at **34.6 billion TL,** representing a **83% increase** compared to the same period of the previous year.

2026: Opportunities and Threats

Global Economy – 2026



2026: Opportunities and Threats

Turkish Economy – 2026

STRENGTHS

Growth Potential & Dynamic Private Sector

A strong domestic market and investment appetite support expansion, driven by innovative and competitive private companies.

Relatively Young Population

High potential for labor force participation and consumer demand provides a long-term demographic advantage.

WEAKNESSES

High Inflation & Weak Productivity

Rising prices negatively impact purchasing power and stability, while low productivity signals a need for structural reforms.

Dependency on Imports

Reliance on intermediate goods and energy imports leads to currency fluctuations and increased costs due to global price volatility.

OPPORTUNITIES

Global Recovery & Improved Credit Ratings

A revival in export markets boosts activity, while better credit ratings and CDS levels enhance international capital flows.

Green Finance Funds

New financing opportunities are emerging for sustainable development and environmentally-focused projects.

THREATS

Geopolitical & Trade Risks

Regional instabilities and trade wars put foreign trade and global supply chains at considerable risk.

Carbon Border Adjustment Mechanism

New environmental regulations may create extra costs and challenges for key exporting sectors.

ECONOMIC
RESEARCH