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Global Economy

As the developments regarding the conflict between the U.S.-Israel and Iran were followed throughout March, Iran's closure of the Strait of Hormuz caused disruptions in the global energy supply.

OECD maintained its global economic growth forecast at 2.9% for 2026, but lowered its projection for 2027 by 0.1 percentage points to 3%. The organization revised its inflation forecasts upward.

The Fed kept the policy interest rate unchanged at the 3.5%–3.75% range in line with expectations. Fed members projections signaled to upward revisions regarding growth and inflation forecasts for 2026 and 2027.

The ECB, BoJ, and PBoC kept their policy interest rates unchanged at their March meetings, in line with expectations.

The price of Brent crude oil, which fluctuated during the month amid developments related to the war and supply-side measures, rose by 63.3% in March compared to the end of February.

In March, geopolitical tensions and uncertainties dampened risk appetite in global markets, while the price of gold fell below the 4,100 USD/ounce level in intraday trading due to demand shifting toward the U.S. dollar and bond.

Turkish Economy

According to seasonally and calendar-adjusted data, the industrial production index fell by 2.8% mom in January. During the same period, the services production index declined slightly by 0.2%, while the construction production index rose by 0.9%.

The unemployment rate rose by 0.3 percentage points to 8.5% in February, while the youth unemployment rate increased by 1.4 percentage points to 15.8%.

In March, the ICI Türkiye Manufacturing PMI fell to 47.9, the lowest level in the past five months and signaled a weakening in business conditions.

The current account deficit stood at 6.8 billion USD in January, exceeding market expectations, while the 12-month cumulative deficit rose to 32.9 billion USD.

With a strong increase in budget revenues and a moderate rise in budget expenditures, the central government budget recorded a surplus of 24.4 billion TRY in February, while the primary surplus reached 208.1 billion TRY.

In March, CPI rose by 1.94% mom, below expectations, while annual consumer inflation fell to 30.87%. During the same period, the D-PPI inflation rate stood at 2.30% mom and 28.08% yoy.

Taking the developments in financial markets into account, CBRT suspended one-week repo auctions at the beginning of the month, and kept the policy rate unchanged at 37.0% at its March meeting.

In line with the pressure on global risk appetite due to geopolitical tensions in the Middle East, BIST-100 index fell by 6.8% in March.

Leading Indicators

Unemployment rate rose to 8.5% in February.

The seasonally adjusted unemployment rate rose from 8.2% in January to 8.5% in February. Despite the rise in the unemployment rate, the number of employed people increased by 153K during this period, marking the fastest growth in the past 11 months. In February, the labor force participation rate and employment rate rose by 0.3 and 0.2 percentage points, respectively, reaching 52.6% and 48.2%. The unemployment rate among the youth population rose by 1.4 percentage points compared to the previous month, reaching 15.8%, while the underemployment rate, the broadest measure of unemployment, remained high at 29.9%.

Industrial production displayed a weak performance in January.

According to seasonally and calendar-adjusted data, the industrial production index fell by 2.8% mom in January following two consecutive months of growth. During this period, production declined in 16 of the 24 sub-sectors operating under the manufacturing industry, while the total contraction in manufacturing production stood at 3.4%. However, 2.0 percentage points of this contraction stemmed from the manufacturing of other transportation equipment (-1.1) and the manufacturing of other non-metallic mineral products (-0.9). Consequently, the industrial production index fell by 1.8% yoy in January, marking a weak start to the new year.

In January, the services production index decreased by 0.2% on a monthly basis and recorded the first annual decline (by 0.4%) since October 2024. During the same period, the construction production index rose by 0.9% mom and 8.0% yoy, indicating that growth in the sector continued.

ICI Manufacturing PMI fell to 47.9 in March.

Türkiye Manufacturing PMI, published by the Istanbul Chamber of Industry (ICI), fell from its highest level in 22 months (49.3) in February to 47.9 in March and signaled a weakening in the sector's operating conditions. During this period, the slowdown in total orders became more pronounced due to the uncertainty caused by the war in the Middle East and rising price pressures, leading to a contraction in production, employment, and purchasing activities. Additionally, input costs recorded their fastest rise in 23 months, and final product prices their fastest rise in 25 months, driven by increases in freight, fuel, and raw material costs. Delivery times recorded their most significant increase since August 2024 due to disruptions in supply chains. In March, the PMI data showed that only the chemical, plastic, and rubber products sector exceeded the threshold value among the 10 sectors tracked. The sector where inflationary pressures and supply chain disruptions were felt most acutely was also the only sector to increase production during the month. Meanwhile, the slowdown observed across all tracked sectors in new orders was most pronounced in the land and sea transport sector, indeed the sharpest one since the onset of the pandemic.

ICI Türkiye Sectoral PMI (March 2026)



Retail sales increased by 18.8% yoy.

In January, the trade sales volume recorded a modest monthly increase of 0.1%. During this period, the wholesale trade volume contracted by 1.6%, while the 2.4% increase in retail sales volume fell to 0.8% when watches and jewelry were excluded. When examined on an annual basis, it was observed that the wholesale trade volume increased by 1.5% during this period and the retail sales volume recorded its fastest growth since March 2024 at 18.8% (11.1% excluding watches and jewelry). Consequently, the annual growth in trade sales volume stood at 7.6%.

House sales rose by 5.9% yoy in February.

House sales increased by 5.9% yoy in February and reached 124,549 units, marking the second-highest February sales figure on record since 2020. During the same period, commercial property sales fell by 1.1% yoy to 15,069 units. Meanwhile, the annual increases of 42.3% and 62.8% recorded in February for mortgage-backed house and commercial property sales, respectively, were notable.

In February, the residential property price index rose by 1.8% mom, below the monthly CPI inflation rate (2.96%). Thus, the index rose by 26.4% yoy on a nominal basis, while it declined by 3.9% yoy in real terms. During the same period, the new tenant rent index increased by 1.6% on a monthly basis -below the inflation rate- while the annual increases in the index stood at 34.2% in nominal and at 2% in real terms.

Confidence indices presented a negative outlook in March.

In March, the consumer confidence index decreased by 0.8% mom and became 85.0. Looking at the index's sub-components, expectations regarding changes in consumer prices over the next 12 months were the fastest deteriorating assessment. During the same period, the real sector confidence index also decreased by 4.1 points on a monthly basis, falling to the threshold value of 100.0. The confidence index fell by 3.9% in the construction sector to 80.6 -its lowest level since May 2021-, by 2.0% in the retail trade sector to 113.6 and by 0.5% in the services sector to 113.2. Consequently, in March, the economic confidence index decreased by 2.8% compared to the previous month and became 97.9, its lowest level since September 2025.

Source: CBRT, Datastream, ICI, TURKSTAT

Foreign Trade and Balance of Payments

Current account deficit stood at 6.8 billion USD in January.

In January, the current account balance recorded a deficit of 6.8 billion USD, exceeding market expectations. During this period, as well as the expansion of trade deficit and primary income deficit, the decline in net service revenues caused the current account deficit to increase by 69.1% yoy. Thus, the 12-month cumulative current account deficit, which has been increasing since September 2025, rose to 32.9 billion USD in January.

Revision in balance of payments data...

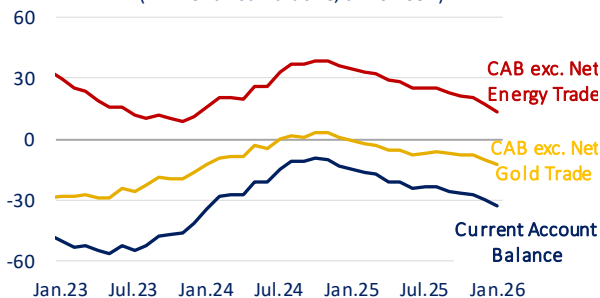
CBRT has changed its method for calculating interest expenses on debt securities in order to improve the quality of data in its Balance of Payments Statistics. As a result of the revision, the "Portfolio Investments/Expenses" item under the Primary Income Balance increased by a total of 8.9 billion USD starting from September 2020, and the same amount of retrospective updates were made to the current account balance and net error and omission items. Following the revision, the ratio of current account deficit to GDP was 1% in 2024 and 1.9% in 2025.

Trade deficit widened by 25.6% yoy in January.

With exports declining by 6.0% yoy and imports remaining relatively flat in January, the balance of payments defined trade deficit widened by 25.6% yoy to 7.0 billion USD. During the same period, the primary income account deficit rose by 59.2% yoy to 2.2 billion USD due to the decline in investment income. On the other hand, despite the positive outlook of travel and transportation revenues in January, net services revenue declined by 13.2% yoy to 2.6 billion USD due to the decrease in net revenues of the items such as telecommunications and other business services.

In January, non-monetary gold imports rose by 12.6% yoy to 1.7 billion USD, partly due to the rise in gold prices, while energy imports contracted by 19.6% yoy to 5.1 billion USD. The current account balance, calculated excluding net gold and energy trade, recorded a deficit of 1.2 billion USD in January.

Current Account Balance
(12-month cumulative, billion USD)



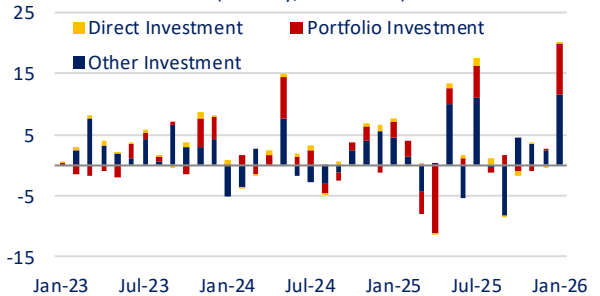
Limited capital inflows in net direct investments...

In January, net direct investment into the country amounted to 22 million USD. During this period, domestic residents acquired 208 million USD worth of real estate abroad (January 2025: 144 million USD), while foreign residents made 163 million USD worth of real estate investments in Türkiye (January 2025: 132 million USD).

Portfolio investments recorded a net capital inflow of 8.4 billion USD...

Having recorded an outflow of 1.7 billion USD in the whole 2025, portfolio investments had a net capital inflow of 8.4 billion USD in January, the highest since April 2013. This development was driven by domestic residents' net acquisition of 1.5 billion USD in assets abroad, offset by foreign residents' net liabilities of 9.9 billion USD in Türkiye. Approximately 1.5 billion USD of these liabilities were in the stock market, and 8.5 billion USD were in the bond market. Capital inflows of 6.4 billion USD and 1.4 billion USD were recorded in the debt securities items of the general government and banks, respectively, while inflows into debt securities of the non-banking sector amounted to 552 million USD.

Net Capital Flows
(monthly, billion USD)



Other investments at their highest level since May 2020...

In January, other investments recorded the highest capital inflow since May 2020, amounting to 11.7 billion USD. During this period, foreign banks' cash and deposits with domestic correspondents reached a historic high of 5.7 billion USD. In January, a net capital inflow of 5.4 billion USD were recorded in loans as well, while banks and non-banking sectors used net loans of 1.4 billion USD and 1.7 billion USD, respectively, from abroad. According to 12-month cumulative data, the long-term debt rollover ratio was 167.2% in the banking sector and 214.4% in other sectors.

Source: Datastream, Turkstat, CBRT

Foreign Trade and Balance of Payments

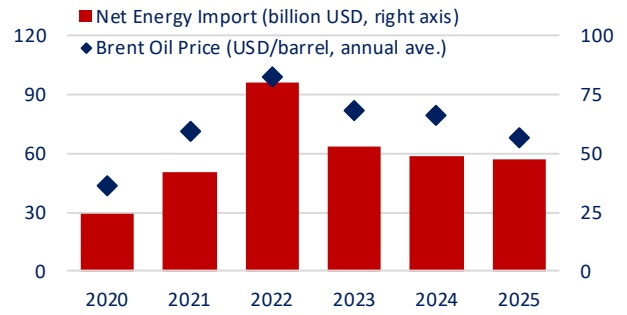
Reserves and net error and omission...

Reserve assets, which declined by 22 billion USD throughout 2025, recorded an increase of 12 billion USD in January. In net errors and omissions, the total capital outflow of 12.7 billion USD recorded in 2025 continued in the first month of 2026 with 1.2 billion USD.

Expectations...

The trade deficit, which rose to 9 billion USD in February, surged by 56.6% yoy and reached 11.3 billion USD in March according to preliminary data, indicating that the trend of widening in the current account deficit continued. The rise in energy prices driven by geopolitical developments will be closely monitored in terms of the current account balance outlook.

Oil Prices and Net Energy Trade



Balance of Payments

(million USD)

	January		% Change	12-month Cumulative
	2025	2026		
Current Account Balance	-4,025	-6,807	69.1	-32,880
Foreign Trade Balance	-5,549	-6,967	25.6	-71,223
Services Balance	3,042	2,639	-13.2	63,105
Travel (net)	2,399	2,471	3.0	51,100
Primary Income	-1,364	-2,172	59.2	-24,067
Secondary Income	-154	-307	99.4	-695
Capital Account	48	-29	-	-225
Financial Account	-1,189	-8,071	578.8	-49,780
Direct Investments (net)	-570	-22	-96.1	-2,691
Portfolio Investments (net)	-2,431	-8,392	245.2	-4,222
Net Acquisition of Financial Assets	173	1,465	746.8	15,340
Net Incurrence of Liabilities	2,604	9,857	278.5	19,562
Equity Securities	12	1,463	12,091.7	3,531
Debt Securities	2,592	8,394	223.8	16,031
Other Investments (net)	-4,618	-11,653	152.3	-26,406
Currency and Deposits	642	-4,952	-	10,016
Net Acquisition of Financial Assets	-397	1,113	-	14,689
Net Incurrence of Liabilities	-1,039	6,065	-	4,673
Central Bank	-3,472	-277	-92.0	-8,613
Banks	2,433	6,342	160.7	13,286
Foreign Banks	-71	2,077	-	5,544
Foreign Exchange	2,335	3,617	54.9	7,072
Turkish Lira	169	648	283.4	670
Non-residents	2,264	5,694	151.5	12,616
Loans	-6,425	-5,399	-16.0	-36,089
Net Acquisition of Financial Assets	335	-2,318	-	70
Net Incurrence of Liabilities	6,760	3,081	-54.4	36,159
Banking Sector	5,725	1,410	-75.4	10,077
Non-bank Sectors	888	1,740	95.9	24,283
Trade Credit and Advances	1,167	-1,301	-	-304
Other Assets and Liabilities	-2	-1	-50.0	-29
Reserve Assets (net)	6,430	11,996	86.6	-16,461
Net Errors and Omissions	2,788	-1,235	-	-16,675

Source: CBRT, Ministry of Trade, Datastream, TURKSTAT

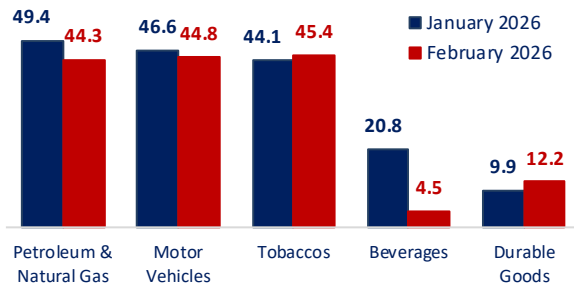
Budget Balance

The central government budget recorded a surplus of 24.4 billion TRY in February.

In February, central government budget revenues rose by 87.1% compared to the same month of last year to 1.4 trillion TRY, while budget expenditures increased by 28.6% yoy to 1.3 trillion TRY. Thus, the central government budget, which recorded a deficit of 310.1 billion TRY in February 2025, posted a surplus of 24.4 billion TRY in the same month this year. During the same period, the Treasury cash balance had recorded a deficit of 92.4 billion TRY. Following January, the primary budget balance continued to post a surplus with 208.1 billion TRY.

Consequently, in the first two months of 2026, the budget deficit narrowed by 58% yoy to 190.2 billion TRY, while the primary surplus reached 449.9 billion TRY.

Special Consumption Tax Revenues (billion TRY)



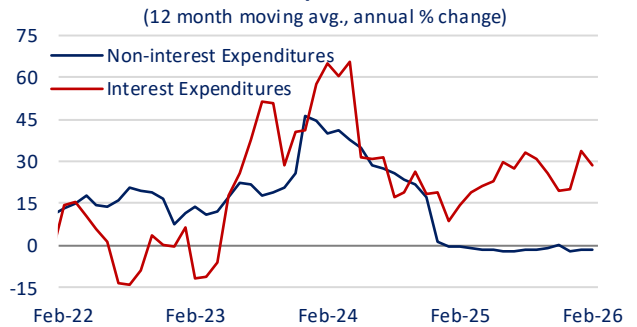
Tax revenues increased by 91.8% yoy.

In February, tax revenues -which accounted for 83% of the central government's budget revenues- rose by 91.8% yoy and reached 1.1 trillion TRY. Corporate income tax revenue rose to 376 billion TRY, partly due to variations in the collection period. Income tax revenue rose by 67.5% yoy to 220 billion TRY, while increases in value-added tax (VAT) on imports and special consumption tax (SCT) revenues were 34.4% and 21.1%, respectively. Details of special consumption tax revenues reveals that SCT on petroleum and natural gas products rose by 33.8% yoy, while those on tobacco products increased by 26.9%; however, the increase in SCT on motor vehicles remained limited to 5%. On the other hand, the 66% annual decline in domestic VAT revenue to 31.9 billion TRY in February limited the overall growth in tax revenue. Non-tax revenues also showed a strong increase of 67.3% in February. This development was driven by a sevenfold annual increase in enterprise and property income to 62.4 billion TRY, in parallel with the rapid rise in Treasury portfolio and affiliate revenues.

The annual increase in interest expenses lost momentum in February.

In February, interest expenses recorded a more moderate annual increase (31.5%) compared to January and accounted for 14% of total budget expenditures, in line with the 2025 average. During the same period, non-interest budget expenditures increased by 28.2% yoy, reaching 1.1 trillion TRY. Current transfers, which accounted for 48% of non-interest expenditures in February, rose by 35.2% yoy, while personnel expenses, which accounted for 34%, increased by 39.7%, both exceeding the annual inflation rate. Social security contributions and expenditures on goods and services, which increased by 50.6% and 39.1%, respectively, during this period, together accounted for 12% of total non-interest expenditures. On the other hand, the annual contraction in capital transfers (-89.6%) and capital expenditures (-35.5%) in February alleviated the pressure on budget expenditures.

Real Expenditures



Expectations...

In February, the central government budget presented a positive outlook, thanks to the strong rise in budget revenues compared to the moderate increase in budget expenditures. However, increases in major expenditure items generally exceeded inflation, and the factor limiting budget expenditures was the annual decline in investment items. The reintroduction of the sliding scale system at the beginning of March implemented as a precaution against the rise in energy prices amid geopolitical concerns, is expected to put pressure on tax revenues in the coming period. The pace of domestic economic activity also continues to be significant for the budget outlook.

Central Government Budget

	February		%	January-February		%	2026 Budget	
	2025	2026		Change	2025		2026	Change
Expenditures	1,033.5	1,329.2	28.6	2,089.9	2,965.0	41.9	18,978.8	15.6
Interest Expenditures	139.7	183.7	31.5	302.7	640.1	111.5	2,741.7	23.3
Non-Interest Expenditures	893.8	1,145.5	28.2	1,787.2	2,324.9	30.1	16,237.2	14.3
Revenues	723.4	1,353.6	87.1	1,640.5	2,774.8	69.1	16,266.1	17.1
Tax Revenues	585.0	1,122.0	91.8	1,377.6	2,303.2	67.2	13,833.1	16.6
Other Revenues	138.5	231.6	67.3	262.9	471.6	79.4	2,433.0	19.4
Budget Balance	-310.1	24.4	-	-449.4	-190.2	-57.7	-2,712.7	7.0
Primary Balance	-170.4	208.1	-	-146.6	449.9	-	29.0	1,553.5

Numbers may not add up to total value due to rounding.

Source: Datastream, Ministry of Treasury and Finance

Inflation

Monthly CPI inflation stood at 1.94% in March.

In March, CPI recorded a below the expectations (2.32%) monthly increase by 1.94%. The Market Participants Survey, published mid-month, indicated an expected increase of 2.18%. The decline in annual CPI inflation to 30.87% in March is significant in terms of the disinflation process, which had stalled in February.

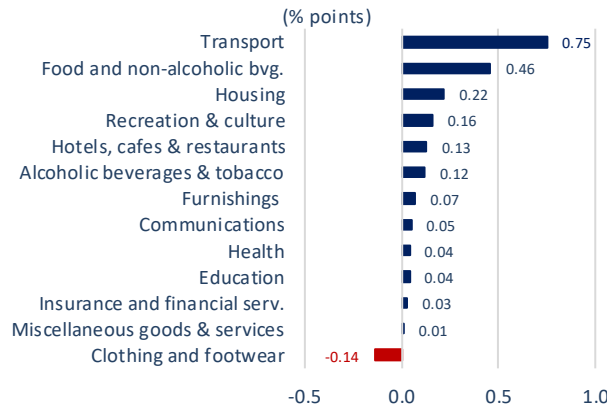
The monthly increase in the Domestic Producer Price Index (D-PPI) in March, at 2.30%, exceeded the rise in the CPI. Consequently, the annual D-PPI inflation rate rose to 28.08%.

December (change %)	CPI		D-PPI	
	2025	2026	2025	2026
Monthly	2.46	1.94	1.88	2.30
Year-to-Date	10.06	10.04	7.23	7.58
Annual	38.10	30.87	23.50	28.08
Annual Average	51.26	32.82	35.23	25.98

The rise in food prices lost momentum in March.

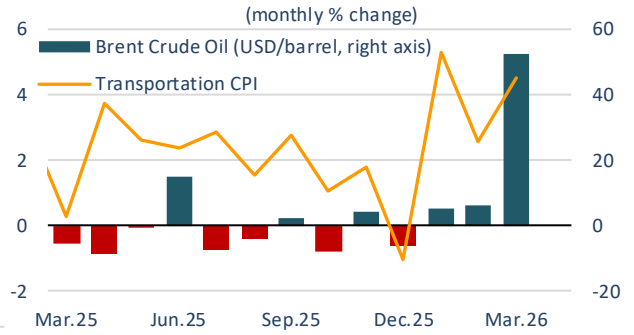
Prices for food and non-alcoholic beverages, which had risen by 13.9% in the first two months of the year, increased by 1.80% in March, marking the lowest monthly increase since November 2025. As a result, this group's contribution to inflation was 0.46 percentage points. On the other hand, the relatively high 3.08% increase in fresh fruit and vegetable prices in March confirms that upward risks in food prices continue, albeit at a reduced

Contributions of main expenditure groups to monthly CPI



The group contributing the most to headline inflation in March was transportation, at 0.75 percentage points. Fuel price hikes triggered by rising global energy prices, combined with increased demand due to the Ramadan holiday, caused transportation prices to rise by 4.52% mom. Looking at specific products, the sub-categories contributing most to inflation in March were bus passenger transport, meat, diesel, rent, restaurant and café prices, as well as cigarette prices. On the other hand, the 2.10% decline in clothing and footwear prices -driven by ongoing end-of-season sales- exerted downward pressure on monthly inflation by 0.14 percentage points, thereby limiting the rise in the CPI.

Transportation Sector and Oil Prices

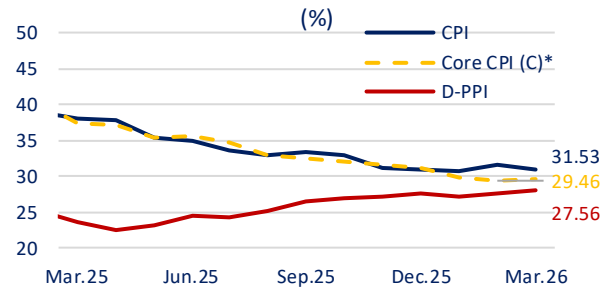


Core inflation indicators continued to remain below headline inflation.

The fact that the 2.22% increase in the index -which excludes seasonal items- in March exceeded headline inflation indicated that the slowdown in CPI rise was largely due to seasonal factors.

In contrast, the monthly increases in the B (1.45%) and C (1.64%) indices -which better reflect the underlying trend in inflation- remained below headline inflation, supported optimistic views regarding the disinflation process. Meanwhile, although monthly service inflation declined compared to the previous month, it remained at 2.39%, above the same month last year, signaling stickiness in service inflation. The monthly increase in rent prices falling to 2.41% stood out as a relatively positive development.

Annual Inflation Indicators



*Excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold

Developments in oil prices were the key factor driving the rise in producer prices.

The 47.10% increase recorded in crude and refined petroleum products in March -the fastest monthly rise in the past 32 years- contributed 1.17 points to the overall index. The 2.30% increase in food prices in March raised the D-PPI by 0.46 points. The factor that offset the upward pressure on producer prices during this period was a 7.51% decline in the electricity and gas production/distribution category. The price drop in this group limited the increase in the headline D-PPI by 0.64 points.

Expectations...

CPI inflation, which exceeded market expectations in the first two months of 2026, fell short of expectations in March, supported by a slowdown in food price inflation. On the other hand, the price adjustment for bread implemented in early April and the lagged effects of high oil prices are expected to exert upward pressure on April inflation. During this period, when the impact of seasonal factors on the inflation outlook is expected to persist, we believe that the pace of oil prices -both directly and through the expectations channel- will remain the key risk factor for the disinflation process.

Source: Datastream, Turkstat

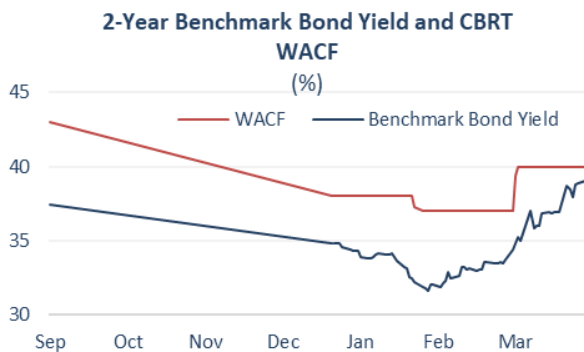
Financial Markets

	27.Feb	31.Mar	Change
5-Y CDS (basis point)	235	306	71 bp ▲
2-Y Benchmark Bond Yield (%)	36.53	42.05	552 bp ▲
BIST-100	13,718	12,791	-%6.8 ▼
USD/TRY	43.9204	44.4513	%1.2 ▲
EUR/TRY	51.8834	51.3575	-%1.0 ▼
Currency Basket*	47.9019	47.9044	%0.0 ▲

(*) (0,5 USD/TRY + 0,5 EUR/TRY)

The BIST-100 index fell by 6.8% in March.

The pressure on global risk appetite caused by the war between the US-Israel and Iran, which began on the last day of February, was also reflected into domestic financial markets throughout March. BIST-100 index, which fell to as low as 12,430 during the month, closed March at 12,791, down by 6.8% compared to the end of February. Türkiye's 5-year CDS spread rose by 71 basis points to 306 basis points, while changes in the USD/TRY and EUR/TRY exchange rates were 1.2% and -1.0%, respectively. The yield on the 2-year bond continued its monthly increase, reaching 42.05%.



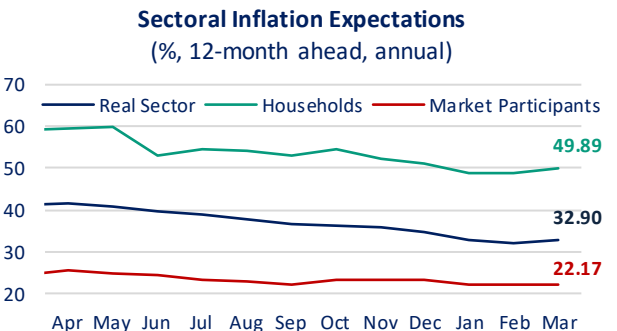
The CBRT kept its policy rate at 37.0%.

CBRT suspended one-week repo auctions and raised its funding cost to 40% at the beginning of March. Taking the uncertainties created by geopolitical developments into account, the CBRT kept the one-week repo auction rate unchanged at 37% at its meeting on March 12, in line with expectations. The Monetary Policy Committee kept the overnight lending rate at 40% and the overnight borrowing rate at 35.5%. Notably, the meeting's decision text omitted the phrase "the step size", which had appeared in the previous text and referred to the pace of the rate-cutting process. In the summary published on March 18 regarding the meeting, the CBRT stated that the negative trend in food prices observed in the first two months of the year had slowed down in March, according to leading indicators. Anticipating that demand conditions would

continue to support the disinflation process, the CBRT noted that the implementation of the sliding scale system on SCT had significantly limited the impact of rising oil prices on the CPI. The summary also noted that downward risks to portfolio flows have intensified due to rising uncertainties. CBRT added that should there be a significant and persistent deterioration in the inflation outlook due to recent developments monetary policy would be tightened.

Sectoral inflation expectations deteriorated.

According to the Sectoral Inflation Expectations data published by the CBRT, compared to the previous month annual inflation expectations for 12 months ahead rose by 0.07 percentage points to 22.17% among market participants, by 0.90 percentage points to 32.90% in the real sector, and by 1.08 percentage points to 49.89% among households. Additionally, according to the Household Expectations Survey, the proportion of households expecting inflation to decline over the next 12 months decreased by 5.2 percentage points compared to the previous month, falling to 15.1%. The product/service groups for which participants expected prices to rise the most over the next 12 months were "food" and "fuel and energy."



CBRT's gross reserves fell from record levels.

The CBRT's total reserves decreased by 54.9 billion USD compared to the end of February to 155.3 billion USD, while its net reserves fell by 56.7 billion USD to 35.1 billion USD. 100 billion USD of CBRT's total gross reserves consisted of gold, while 55.3 billion USD consisted of foreign exchange reserves. Meanwhile, according to data adjusted for price and exchange rate movements, as of March 27, the stock portfolio of non-residents decreased by a net 1.1 billion USD compared to the end of February, while the government bond portfolio (based on the total of outright purchases, reverse repos, collateral, and loans) decreased by a net 6.5 billion USD.

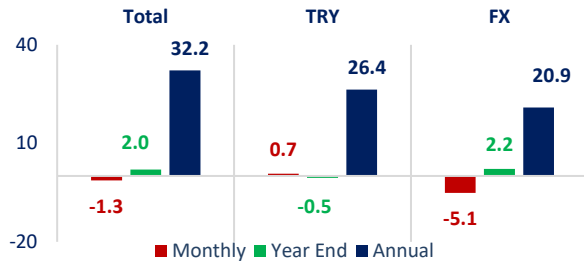
Source: CBRT, Datastream, Reuters

Banking Sector

The volume of foreign currency deposits declined in March.

According to data from the Weekly Bulletin published by the Banking Regulation and Supervision Agency (BRSA), as of the week ending March 27, the volume of foreign currency deposits stood at 16.6 trillion TRY, marking a 0.7% increase compared to the end of February and a 26.4% annual increase. Driven in part by the decline in gold prices, the USD-denominated foreign currency deposit volume decreased by 5.1% (13.6 billion USD) compared to the end of February but increased by 20.9% (44.1 billion USD) yoy, reaching 255.2 billion USD. Thus, while the total deposit volume in the banking sector decreased by 1.3% compared to the end of February, it increased by 32.2% yoy, reaching 27.9 trillion TRY as of March 27, and the ratio of the TRY equivalent of foreign currency deposits to total deposits became 40.4%. According to data adjusted for exchange rate effects, changes in total deposits during the same period were recorded as -1.7% and 24.3%, respectively.

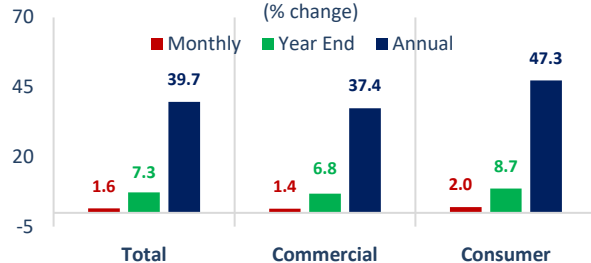
Deposit Volumes as of End-March
(% change)



TL credit volume reached 15.6 trillion TRY.

As of March 27, the TL credit volume in the banking sector expanded by 2.4% compared to the end of February and by 43.6% yoy, reaching 15.6 trillion TRY. The annual growth of USD-denominated foreign currency credit volume, which declined moderately to 203.3 billion USD compared to the end of February, dropped to 13.9%. Consequently, the total credit volume rose by 1.6% mom and 39.7% yoy, reaching 24.5 trillion TRY. According to data adjusted for exchange rate effects, the increases in total credit volume for the same periods were 1.2% and 32.2%, respectively.

Credits
(% change)



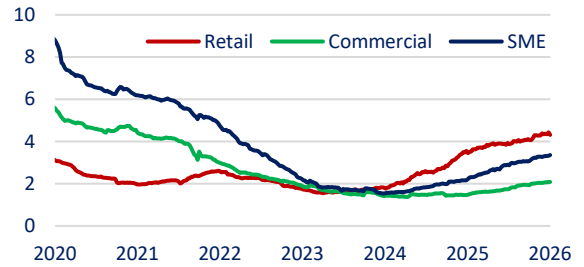
Annual growth in personal loans stood at 47.3%.

As of March 27, annual growth in personal loans, which increased by 2.0% mom, stood at 47.3%. During this period, personal credit cards, which accounted for 48.3% of the total personal loan balance, rose by 0.7% mom and 50.3% yoy. Having declined by 1.1% mom in February Overdraft Accounts (KMH) increased by 5.0% mom, and by 63.0% yoy in March. During the same period, while consumer loans and mortgage loans increased by 3.3% and 3.5%, respectively, on a monthly basis, their annual growth rates stood at 51.3% and 35.1%, respectively.

NPL ratio stood at 2.64%.

As of March 27, the balance of non performing loans increased by 14.1 billion TRY on a monthly basis, while the non performing loan (NPL) ratio rose to 2.64%. Although this ratio remained relatively low at 2.08% for commercial loans, it stood at 3.36% for the SME segment and 4.32% for consumer loans.

NPL Ratio
(%)



Net foreign currency position...

As of March 27, the banking sector's on-balance-sheet foreign currency position stood at (-) 34,691 million USD, while its off-balance-sheet foreign currency position was (+) 35,154 million USD. Consequently, the sector's net foreign currency position was recorded at (+) 463 million USD.

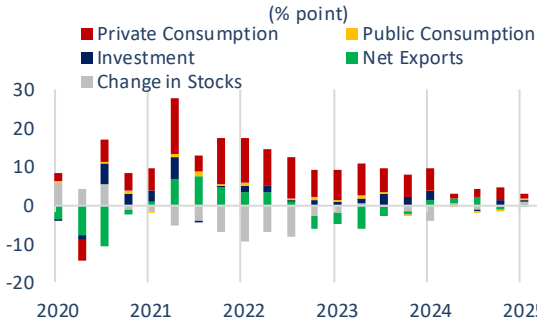
Concluding Remarks

March was a month marked by high levels of uncertainty due to the conflict between U.S.-Israel and Iran. Amid rising geopolitical tensions, the global supply shock arising from the traffic disruptions through the Strait of Hormuz caused sharp fluctuations in energy prices. This situation intensified inflationary pressures on a global scale while creating fragility in expectations regarding economic activity as well. In March, leading central banks left their policy rates unchanged, and officials' statements, highlighting the potential upward pressure the war could exert on inflation and signaling that tightening measures could be implemented if necessary, were closely monitored. Leading indicators for March showed that global economic confidence deteriorated and that economic activity varied across countries and sectors. In this context, the facts when the tensions in the Middle East will end and how long their effects will last are crucial in terms of the pace of global economic activity and central bank decisions.

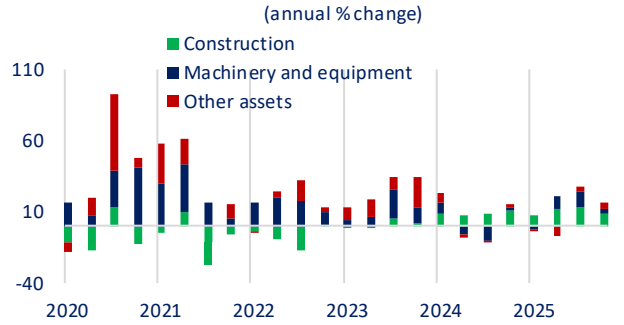
In Türkiye, leading indicators for March pointed that manufacturing sector's production was under pressure due to the rising cost pressures, driven by escalating tensions in the Middle East, and weak demand conditions. During this period, confidence indices declined, and inflation expectations deteriorated across all sectors. Taking into account the developments in financial markets at the beginning of the month, the CBRT suspended one-week repo auctions and raised the funding cost to 40%. In the minutes of its March 12 meeting, the CBRT highlighted the uncertainties created by geopolitical developments. The trajectory of geopolitical developments will be closely monitored in the coming period in terms of inflation, the current account balance, and reserve outlook.

Growth

Contributions to GDP Growth

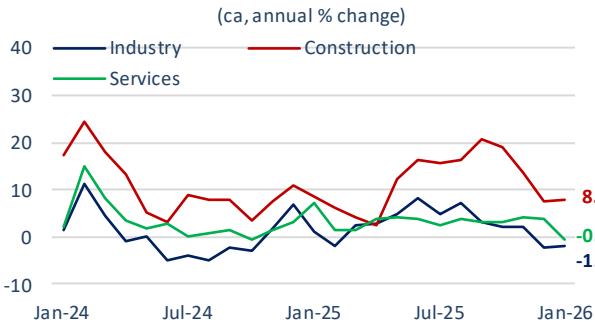


Gross Fixed Capital Formation

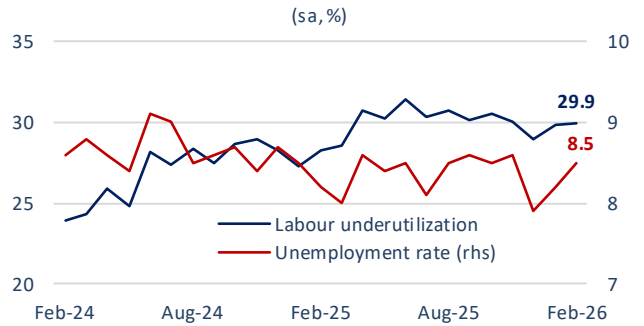


Leading Indicators

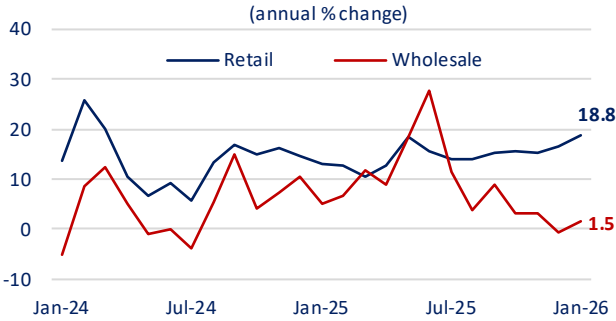
Production Indices



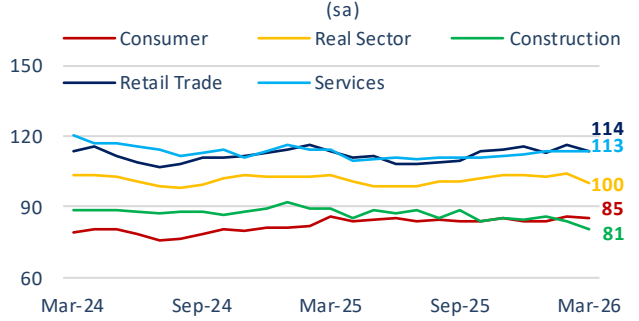
Labour Force Statistics



Sales Volume Indices

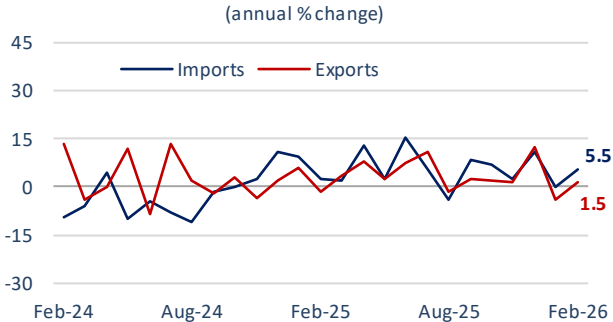


Confidence Indices

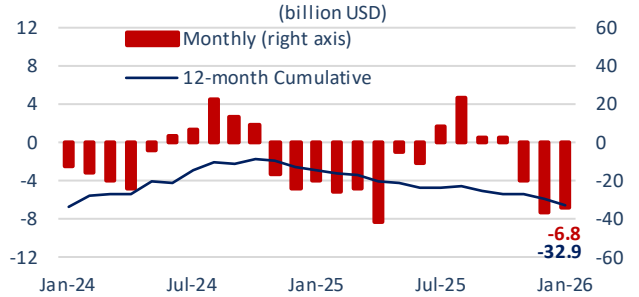


Foreign Trade and Current Account Balance

Foreign Trade



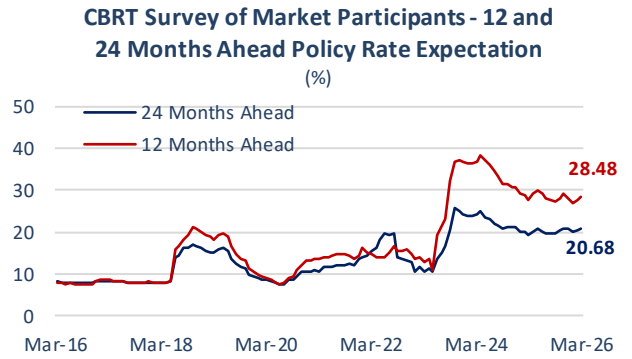
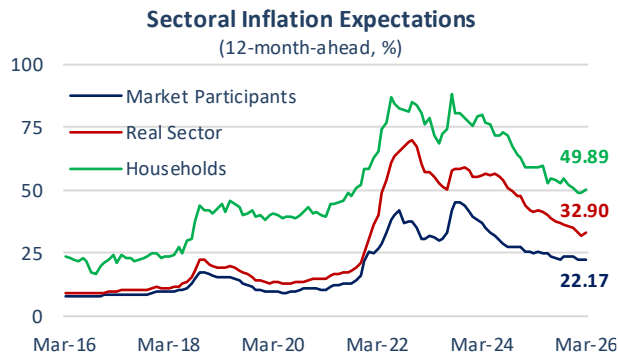
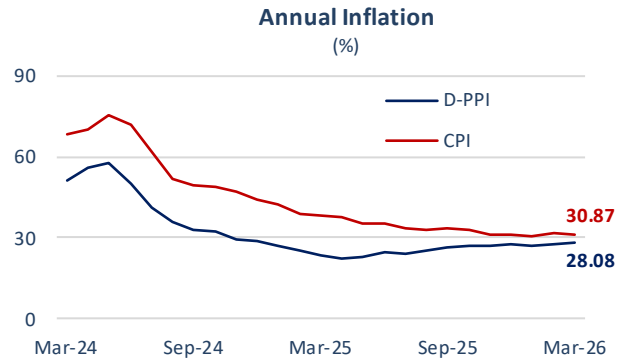
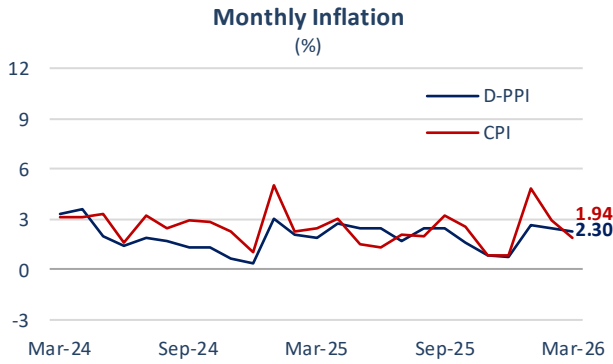
Current Account Balance



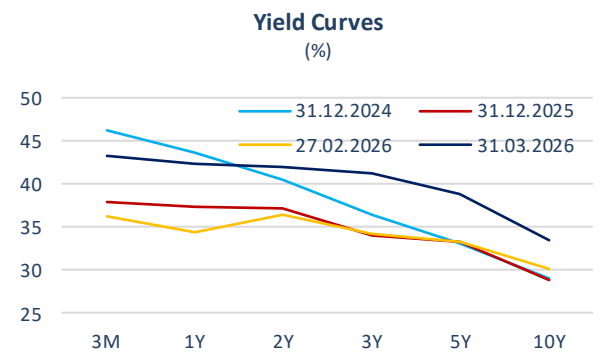
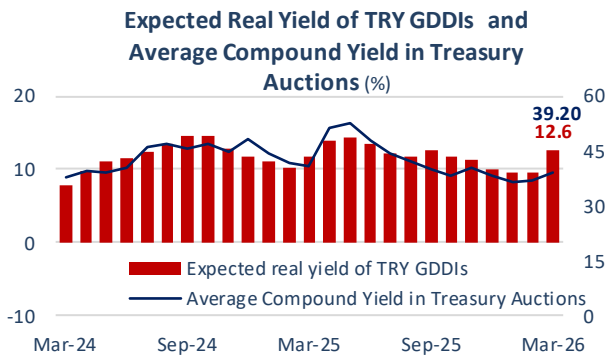
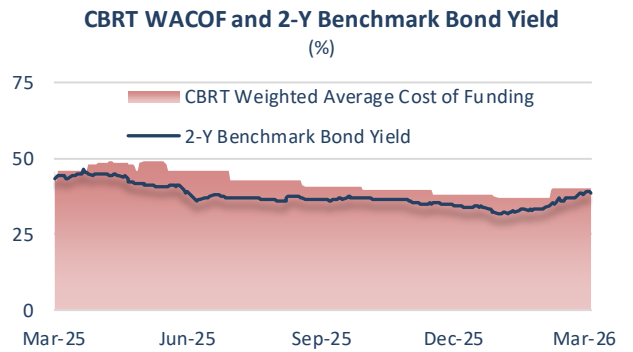
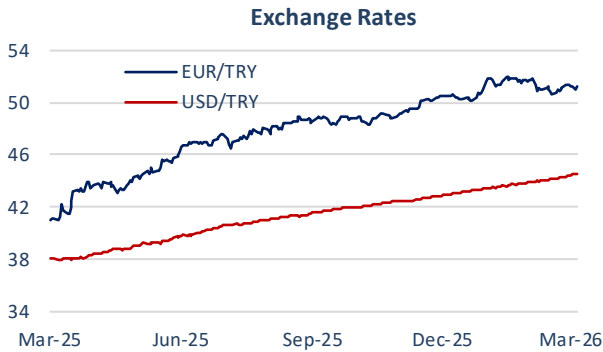
Source: Datastream, CBRT, Turkstat

Macroeconomic Indicators

Inflation



Foreign Exchange and Bond Market



Source: BİST, Datastream, Reuters, CBRT, Turkstat, Treasury

Macroeconomic Indicators

GROWTH	2021	2022	2023	2024	2025	Q2-25	Q3-25	Q4-25
GDP (USD billion)	828	925	1,153	1,358	1,596	377	434	439
GDP (TRY billion)	7,434	15,326	27,091	44,587	63,021	14,557	17,472	18,467
GDP Growth Rate (%)	11.8	5.4	5.0	3.3	3.6	4.7	3.8	3.4
INFLATION (%)						Jan-26	Feb-26	Mar-26
CPI (annual)	36.08	64.27	64.77	44.38	30.89	30.65	31.53	30.87
Domestic PPI (annual)	79.89	97.72	44.22	28.52	27.67	27.17	27.56	28.08
SEASONALLY ADJUSTED LABOR MARKET FIGURES						Dec-25	Jan-26	Feb-26
Unemployment Rate (%)	11.0	10.4	8.9	8.7	7.9	7.9	8.2	8.5
Labor Force Participation Rate (%)	52.6	54.0	54.1	54.1	52.9	52.9	52.3	52.6
FX RATES						Jan-26	Feb-26	Mar-26
CPI Based Real Effective Exchange Rate	70.8	82.5	83.8	100.7	99.0	102.15	103.17	-
USD/TRY	13.28	18.72	29.53	35.36	42.96	43.49	43.95	44.48
EUR/TRY	15.10	19.98	32.62	36.62	50.46	51.74	51.89	51.25
Currency Basket (0.5*EUR+0.5*USD)	14.19	19.35	31.08	35.99	46.71	47.62	47.92	47.86
FOREIGN TRADE BALANCE⁽¹⁾ (USD billion)						Dec-25	Jan-26	Feb-26
Exports	225.2	254.2	255.6	261.8	273.3	273.3	272.4	272.8
Imports	271.4	363.7	362.0	344.0	365.4	365.4	365.5	367.0
Foreign Trade Balance	-46.2	-109.5	-106.3	-82.2	-92.1	-92.1	-93.0	-94.2
Import Coverage Ratio (%)	83.0	69.9	70.6	76.1	74.8	74.8	74.6	74.3
BALANCE OF PAYMENTS⁽¹⁾ (USD billion)						Nov-25	Dec-25	Jan-26
Current Account Balance	-7.1	-46.7	-41.8	-13.0	-30.1	-27.6	-30.1	-32.9
Financial Account	3.4	-18.2	-51.1	-21.8	-42.9	-43.8	-42.9	-49.8
Direct Investments (net)	-6.5	-9.8	-4.5	-5.1	-3.2	-4.8	-3.2	-2.7
Portfolio Investments (net)	7.6	18.5	-5.7	-12.0	1.7	3.0	1.7	-4.2
Other Investments (net)	-21.1	-39.2	-38.9	-5.4	-19.4	-22.6	-19.4	-26.4
Reserve Assets (net)	23.3	12.3	-2.0	0.6	-22.0	-19.4	-22.0	-16.5
Net Errors and Omissions	10.5	28.5	-9.0	-8.7	-12.7	-16.0	-12.7	-16.7
Current Account Balance/GDP (%)	-0.9	-5.0	-3.6	-1.0	-1.9	-	-	-
BUDGET⁽²⁾⁽³⁾ (TRY billion)						Dec-25	Jan-26	Feb-26
Expenditures	1,603.5	2,942.7	6,588.0	10,780.6	14,634.6	14,634.6	1,635.8	2,965.0
Interest Expenditures	180.9	310.9	674.6	1,270.5	2,054.4	2,054.4	456.4	640.1
Non-interest Expenditures	1,422.7	2,631.8	5,913.4	9,510.2	12,580.2	12,580.2	1,179.4	2,324.9
Revenues	1,402.0	2,800.1	5,207.6	8,672.8	12,835.5	12,835.5	1,421.2	2,774.8
Tax Revenues	1,165.0	2,353.4	4,501.1	7,305.3	11,049.5	11,049.5	1,181.2	2,303.2
Budget Balance	-201.5	-142.7	-1,380.4	-2,107.8	-1,799.1	-1,799.1	-214.5	-190.2
Primary Balance	-20.7	168.2	-705.8	-837.3	255.3	255.3	241.9	449.9
Budget Balance/GDP (%)	-2.6	-0.9	-5.1	-4.7	-2.9	-	-	-
CENTRAL GOVERNMENT DEBT STOCK (TRY billion)						Dec-25	Jan-26	Feb-26
Domestic Debt Stock	1,321.2	1,905.3	3,209.3	4,959.9	8,152.8	8,152.8	8,597.1	8,663.9
External Debt Stock	1,426.6	2,130.1	3,527.4	4,297.5	5,509.3	5,509.3	5,668.3	5,731.9
Total Debt Stock	2,747.8	4,035.5	6,736.6	9,257.4	13,662.1	13,662.1	14,265.4	14,395.8

(1) 12-month cumulative

(2) Year-to-date cumulative

(3) According to Central Government Budget

BANKING SECTOR ACCORDING TO BRSA's MONTHLY BULLETIN FIGURES

(TRY billion)	2021	2022	2023	2024	2025	Jan.26	Feb.26	Change ⁽¹⁾
TOTAL ASSETS	9,215	14,347	23,553	32,668	46,947	48,574	48,871	4.1
Loans	4,901	7,581	11,677	16,052	23,128	23,646	24,218	4.7
TRY Loans	2,832	5,110	7,894	10,145	14,560	14,806	15,230	4.6
Share (%)	57.8	67.4	67.6	63.2	63.0	62.6	62.9	-
FX Loans	2,069	2,471	3,783	5,907	8,568	8,840	8,987	4.9
Share (%)	42.2	32.6	32.4	36.8	37.0	37.4	37.1	-
Non-performing Loans	160.1	163.4	191.9	293.6	593.6	629.9	652.6	9.9
Non-performing Loan Rate (%)	3.2	2.1	1.6	1.8	2.5	2.6	2.6	-
Securities	1,477	2,371	3,970	5,226	7,013	7,053	7,089	1.1
TOTAL LIABILITIES	9,215	14,347	23,553	32,668	46,947	48,574	48,871	4.1
Deposits	5,303	8,862	14,852	18,903	27,226	27,829	28,295	3.9
TRY Deposits	1,880	4,779	8,897	12,307	16,587	16,271	16,536	-0.3
Share (%)	35.5	53.9	59.9	65.1	60.9	58.5	58.4	-
FX Deposits	3,423	4,083	5,955	6,596	10,639	11,559	11,759	10.5
Share (%)	64.5	46.1	40.1	34.9	39.1	41.5	41.6	-
Securities Issued	310	325	584	1,045	1,890	1,966	1,920	1.6
Payables to Banks	1,048	1,432	2,384	3,535	5,177	5,328	5,390	4.1
Funds from Repo Transactions	587	540	723	2,244	2,575	2,759	2,718	5.5
SHAREHOLDERS' EQUITY	714	1,406	2,153	2,908	4,156	4,260	4,343	4.5
Profit (Loss) of the Period	93.0	431.6	620.8	660.3	940.2	87.2	169.4	-82.0
RATIOS (%)								
Loans/GDP	65.9	49.5	43.1	36.0	36.7	-	-	-
Loans/Assets	53.2	52.8	49.6	49.1	49.3	48.7	49.6	-
Securities/Assets	16.0	16.5	16.9	16.0	14.9	14.5	14.5	-
Deposits/Liabilities	57.5	61.8	63.1	57.9	58.0	57.3	57.9	-
Loans/Deposits	92.4	85.5	78.6	84.9	84.9	85.0	85.6	-
Capital Adequacy (%)	18.4	19.5	19.1	19.7	19.7	16.8	16.8	-

(1) Year-to-date % change

Source: BRSA, Turkstat

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