



May 2026

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Global Economy

The ceasefire between the U.S. and Iran, which began on April 8, has been extended indefinitely. On the other hand, uncertainties regarding the results of the negotiations persists.

The IMF lowered its global economic growth forecast for 2026 by 0.2 percentage points to 3.1%, while maintaining its forecast for 2027 at 3.2%. The organization made upward revisions to its inflation forecasts.

The Fed kept its policy rate unchanged at the 3.5%-3.75% range, in line with expectations. The fact that one member voted for a rate cut at the meeting, while three members opposed the dovish tone in the statement, signaled the deepening divergence among members.

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

In the first quarter of the year, the U.S. economy grew by 2.0% on an annualized basis, while the Euro Area economy lost momentum, growing by 0.8% yoy.

In China, economic growth in the first quarter of 2026 came in at 5.0% yoy, exceeding market expectations of 4.8% and reaching the upper limit of the official target range of 4.5%-5.0%.

Although the price of Brent crude oil fell by 3.7% mom in April due to negotiations and a ceasefire between the U.S. and Iran, it maintains its high level above 100 USD as of early May due to the ongoing blockade of the Strait of Hormuz and lingering uncertainties in the region.

While the optimism stemming from the ceasefire in the Middle East and the positive corporate earnings reports released in the U.S. supported global risk appetite in April, gold prices continued to decline.

Turkish Economy

The unemployment rate fell by 0.3 percentage points to 8.1% in March, while the underemployment rate rose to 31.5%.

According to seasonally and calendar adjusted data, the industrial production index rose by 2.6% mom and the services production index by 1.2% mom in February. In this period, the construction production index fell by 1.3% mom.

In February, as the trade deficit widened rapidly on an annual basis and net service revenues declined, the current account recorded a deficit of 7.5 billion USD. Consequently, the 12-month cumulative current account deficit rose to 35.4 billion USD.

In March, when the central government budget recorded a deficit of 229.9 billion TRY, the primary surplus stood at 6.1 billion TRY. As of the first quarter of the year, the budget deficit decreased by 41% yoy to 420 billion TRY, while the primary budget surplus was 456 billion TRY.

The ICI Türkiye Manufacturing PMI stood at 45.7 in April -its lowest level since September 2024- signaling a deterioration in sector's operating conditions.

In April, the CPI rose by 4.18% mom, exceeding expectations, while annual CPI inflation rose to 32.37%. The D-PPI inflation stood at 3.17% mom and 28.59% yoy.

At its third meeting of the year, CBRT kept the policy rate unchanged at 37%, and by continuing to refrain from holding weekly repo auctions throughout April, the weighted average funding cost was settled at 40%.

Fitch affirmed Türkiye's credit rating at "BB-" but revised the rating outlook from "positive" to "stable". S&P kept the credit rating and outlook unchanged at "BB-" and "stable", respectively.

In line with rising global risk appetite following the ceasefire in the Middle East, the BIST-100 index rose by 12.9% in April.

Leading Indicators

Unemployment rate fell to 8.1% in March.

According to seasonally adjusted data, the number of employed people rose by 226K in March, recording the fastest increase in the past one year, while the number of unemployed people decreased by 96K. Consequently, the unemployment rate fell from 8.4% to 8.1% in March, and the unemployment rate among the youth population aged between 15-24 dropped from 15.8% to 15.3%. During this period, the unemployment rate remained relatively flat among men (February: 6.9%; March: 6.8%), while it fell by 0.8 percentage points on a monthly basis among women (February: 11.5%; March: 10.7%). On the other hand, the underemployment rate, the broadest measure of unemployment, rose by 1.6 percentage points to 31.5% in March, marking a notable increase.

Industrial production rose on a monthly basis in February.

According to seasonally and calendar adjusted data, the industrial production index, which had declined by 2.9% mom in January, rose by 2.6% in February, partly due to the low base effect. During this period, production increased in the manufacturing industry (3.3%) and the mining and quarrying sector (0.4%), while it contracted in the electricity, gas, steam, and air conditioning supply sector (-3.6%). In February, production increased in 19 of the 24 sectors operating under the manufacturing industry, with the 45.7% rise in the production of other transport equipments, which typically exhibits high month-to-month fluctuations, standing out. During the same period, tobacco products was the sector with the fastest production contraction(5.4%). In February, the industrial production index rose by 2.2% on an annual basis.

In February, the services production index rose 1.2% mom and 2.3% yoy as well. Meanwhile, the construction production index, which declined by 1.3% mom during the same period, recorded a 5.9% annual increase. Thus, while industrial production remained flat compared to the same period last year in the first two months of the year, service production grew moderately by 1%, and construction production, despite losing momentum compared to previous periods, continued to grow relatively rapidly at 6.9%.

ICI Manufacturing PMI fell to its lowest level in the past 19 months.

The Türkiye Manufacturing PMI data published by the Istanbul Chamber of Industry (ICI) stood at 45.7 in April, the lowest level since September 2024, signaling a significant deterioration in sector's operating conditions. During this period, the impact of the tensions in the Middle East on the manufacturing sector intensified, and inflationary pressures strengthened. In April, when input cost inflation reached its highest level in the past 27 months, production slowed to its most pronounced level since the pandemic (as it was in September 2024 as well) due to stagnant demand, raw material shortages, and price increases. There was a

contraction in employment and purchasing activities as well due to the decline in new orders. Looking at the data by sector, the PMI reading was above the threshold only in the clothing and leather products sector, and production and new orders increased only in this sector. On the other hand, in the chemicals, plastics, and rubber sector, input costs recorded their fastest increase in the past 27 months, while final product prices saw their fastest rise in more than four years.

Retail sales volume contracted by 0.6% mom in February.

According to seasonally and calendar-adjusted data, the retail sales volume index contracted by 0.6% mom in February. During this period, retail sales volume declined by 0.2% -the first decrease since July 2025- while retail sales excluding watches and jewelry recorded a modest increase of 0.3%. The annual growth in retail sales lost momentum in February compared to the previous month slowing to 15.6%. On a yearly basis, it was notable that the retail sales volume recorded its slowest growth in the last 19 months, rising by 4.0%, while the wholesale trade volume remained flat in February.

House sales declined yoy in March.

House sales fell by 2.1% yoy in March and became 113,367 units. It was notable that the share of mortgage-backed sales -which rose by 35.9% yoy during this period- reached 22.9%, the highest level since May 2023. Thanks to the positive trend in February, the annual decline in house sales in the first quarter was limited to 0.3%.

On the other hand, weak domestic and foreign demand in the first quarter negatively impacted automotive and white goods sales. During this period, compared to the same period of last year, automotive sales by unit decreased by 4% domestically and by 15.1% in exports; white goods sales decreased by 10% domestically and 23% in exports. Thus, automotive production contracted by 6.5% yoy in the first quarter, while white goods production contracted by 21%.

Consumer confidence indices showed a mixed picture in April.

In April, the consumer confidence index rose by 0.5% mom to 85.5. According to the sun indices, assessments of the current general economic situation and household's financial conditions deteriorated in April, while consumers' probability of buying a car or a house in the next 12 months recorded a sharp rise. During the same period, the real sector confidence index decreased by 1.4 points mom to 98.6, while the general trend sub-index declined to 79.9, its lowest level since August 2022. In April, sectoral confidence indices fell to 109.7 in the services sector (- 3.1%) and to 111.6 in the retail trade sector (- 1.8%), while it rose in the construction sector to 83.6 (+3.6%). Consequently, the economic confidence index fell by 1.5% mom in April to 96.4, marking its lowest level since July 2025.

Source: CBRT, Datastream, ICI, TURKSTAT

Foreign Trade and Balance of Payments

Current account deficit stood at 7.5 billion USD in February.

In February, the current account deficit reached 7.5 billion USD, its highest level since April 2025. During this period, the widening of the trade deficit coupled with a decline in net service revenues caused the current account deficit to increase by 43.8% yoy. As a result, the 12-month cumulative current account deficit rose to 35.4 billion USD as of February.

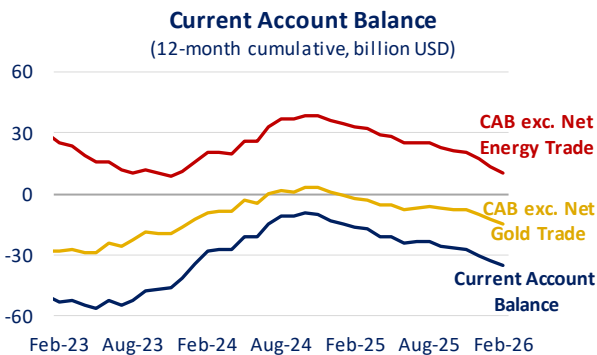
The trade deficit increased by 36.6% yoy.

In February, the trade deficit as defined by the balance of payments widened by 36.6% yoy, rising to 7.5 billion USD. Meanwhile, net service revenues, which declined by 11.1% yoy due to a drop in net revenues from telecommunications and other business services, was realized as 2.0 billion USD, the lowest level since February 2022. During this period, the primary income account recorded a deficit of 1.9 billion USD.

In February, net non-monetary gold imports increased by 5.2% yoy to 1.9 billion USD, while net energy imports contracted by 13.2% to 4.1 billion USD. Excluding net gold and energy trade, the current account recorded a deficit of 1.5 billion USD, showing no significant change from the previous month.

Net direct investments recorded net capital outflow of 138 million USD.

In February, a net capital outflow of 138 million USD was recorded in net direct investment. During this period, net liabilities amounted to 780 million USD, while domestic residents' net asset acquisitions abroad stood at 918 million USD. While domestic residents made 832 million USD capital investments abroad, foreign residents made 370 million USD capital investments in Türkiye. In February, net real estate purchases by domestic residents from abroad and by foreign residents within Türkiye were recorded at similar levels, at 225 million USD and 230 million USD, respectively.

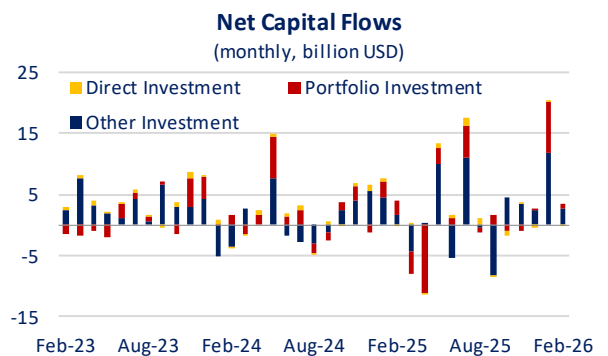


Portfolio investment inflows continued.

Net capital inflows into portfolio investments, which reached their highest level since April 2013 at 8.4 billion USD in January, continued at a more moderate pace of 780 million USD in February. Inflows from non-residents into the domestic debt securities market totaled 1.4 billion USD in February. During this period, capital inflows into general government debt securities amounted to 1 billion USD, while inflows into debt securities of the banking and non-banking sectors totaled 340 million USD. Foreign equity investments, meanwhile, were recorded at 932 million USD in February.

A capital inflow of 2.7 billion USD in other investments...

Net capital inflows into the other investments continued, albeit falling from 11.8 billion USD in January to 2.7 billion USD in February. During this period, non-residents reduced their holdings of domestic cash and deposits by 2.6 billion USD, while residents reduced their holdings of foreign cash and deposits by 318 million USD. Non-banking sectors utilized a net 1.5 billion USD credit from abroad, while banks' credit utilization remained limited to 17 million USD. According to 12-month cumulative data, the long-term debt rollover ratio stood at 159.7% in the banking sector and 214.9% in other sectors.



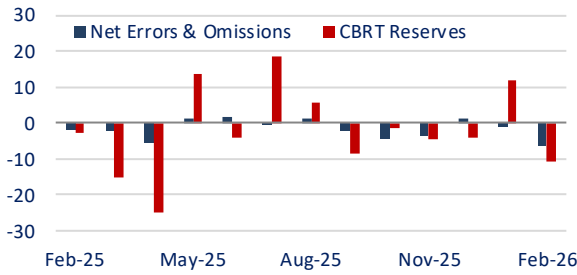
Reserves and net errors&omissions...

Reserve assets, which had increased by 12 billion USD in January, recorded their sharpest decline since April 2025 in February, falling by 10.6 billion USD. In February, there was a capital outflow of 6.5 billion USD in net errors and omissions item, the highest since March 2024.

Source: Datastream, Turkstat, CBRT

Foreign Trade and Balance of Payments

CBRT Reserves and Net Errors & Omissions
(monthly, billion USD)



Expectations...

According to preliminary foreign trade data from the TurkStat, exports continued to decline by 6.4% yoy in March, while imports rose by 8.2%. Consequently, the foreign trade deficit stood at 11.2 billion USD in March, when the war between the U.S./Israel and Iran began. CBRT's securities statistics indicated a total outflow of 7.5 billion USD from the stock and government bond markets in March, in line with the decline in global risk appetite. The pace of geopolitical developments in the coming period will continue to be closely monitored in terms of energy prices as well as global economic and tourism activities.

Balance of Payments

(million USD)

	Feb. 2026	Jan. - Feb. 2025	Jan. - Feb. 2026	% Change	12-month Cumulative
Current Account Balance	-7,501	-9,249	-14,543	57.2	-35,447
Foreign Trade Balance	-7,478	-11,025	-14,378	30.4	-73,169
Services Balance	2,014	5,308	4,388	-17.3	62,578
Travel (net)	1,841	4,287	4,312	0.6	51,053
Primary Income	-1,859	-3,386	-4,074	20.3	-23,981
Secondary Income	-178	-146	-479	228.1	-875
Capital Account	-34	15	-63	-	-219
Financial Account	-14,006	-8,170	-22,253	172.4	-57,077
Direct Investment (net)	138	-533	113	-	-2,580
Portfolio Investment (net)	-780	-4,997	-9,172	83.6	-2,435
Net Acquisition of Financial Assets	1,532	383	2,997	682.5	16,662
Net Incurrence of Liabilities	2,312	5,380	12,169	126.2	19,097
Equity Securities	932	37	2,395	6,373.0	4,438
Debt Securities	1,380	5,343	9,774	82.9	14,659
Other Investment (net)	-2,734	-6,171	-14,560	135.9	-27,870
Currency and Deposits	2,326	1,527	-2,608	-	11,496
Net Acquisition of Financial Assets	-318	-470	813	-	14,470
Net Incurrence of Liabilities	-2,644	-1,997	3,421	-	2,974
Central Bank	-1,182	-3,460	-1,459	-57.8	-9,807
Banks	-1,462	1,463	4,880	233.6	12,781
Foreign Banks	-1,508	1,456	4,186	187.5	11,916
Foreign Exchange	-2,390	704	-313	-	2,379
Turkish Lira	882	752	4,499	498.3	9,537
Non-residents	46	7	694	9,814.3	865
Loans	-3,976	-8,770	-9,564	9.1	-38,010
Net Acquisition of Financial Assets	-2,255	-637	-4,573	617.9	-1,213
Net Incurrence of Liabilities	1,721	8,133	4,991	-38.6	36,797
Banking Sector	17	6,106	1,615	-73.6	10,011
Non-bank Sectors	1,478	2,000	3,219	61.0	24,641
Trade Credit and Advances	-1,085	1,075	-2,388	-	-1,329
Other Assets and Liabilities	1	-3	0	-100.0	-27
Reserve Assets (net)	-10,630	3,531	1,366	-61.3	-24,192
Net Errors and Omissions	-6,471	1,064	-7,647	-	-21,411

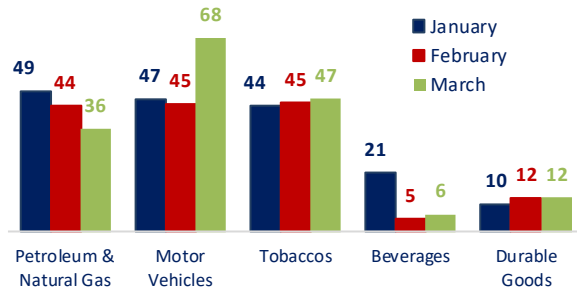
Source: CBRT, Ministry of Trade, Datastream, TURKSTAT

Budget Balance

The central government budget recorded a deficit of 229.9 billion TRY in March.

In March, central government budget revenues rose by 60.6% yoy to 1.2 trillion TRY, while budget expenditures increased relatively more modest by 42.1% yoy, reaching 1.5 trillion TRY. Consequently, the central government budget deficit decreased by 12.1% yoy in March, standing at 229.9 billion TRY. During the same period, the Treasury cash deficit was 279.6 billion TRY. In March, the primary budget balance recorded a surplus of 6.1 billion TRY. In the first quarter of the year the budget deficit, which stood at 420 billion TRY, decreased by 40.9% compared to the same period last year, while the primary budget balance, which had recorded a deficit of 246.9 billion TRY in the same period of 2025, posted a surplus of 456 billion TRY.

Special Consumption Tax Revenues (2026, billion TRY)



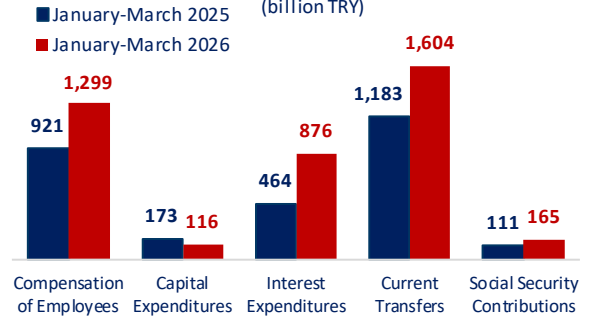
Tax revenues reached 1.1 trillion TRY in March.

Tax revenues, which accounted for 85.9% of the central government's budget revenues in March, rose by 63.9% yoy to 1.1 trillion TRY. Income tax increased by 81% yoy to 312.3 billion TRY, while corporate tax became 22.3 billion TRY. In March, special consumption tax (SCT) revenues increased by 29% yoy to 171.1 billion TRY. Due to the impact of the sliding-scale system implemented on March 5, the increase in SCT on petroleum and natural gas products remained relatively limited at 11.6% yoy. During this period, the increase in SCT on motor vehicles also remained limited at 11.8%, while SCT on tobacco products rose by 99.8%. Meanwhile, the annual increases of 127.2% and 86.3% in domestic VAT and in "interest, dividends, and penalties", respectively, supported budget revenues.

Interest expenditures rose by 89% yoy in the first quarter.

In March, interest expenditures increased by 46.3% yoy to reach 236 billion TRY, accounting for 16% of total budget expenditures. During this period, 180.2 billion TRY of interest expenses consisted of domestic debt, while 30.2 billion TL consisted of foreign debt. In March, non-interest expenditures rose by 41.3% yoy to 1.2 trillion TRY. Personnel expenses, which accounted for 33% of non-interest expenditures, rose by 44% yoy to 406.4 billion TRY, while current transfers, which accounted for 44%, increased by 45.1% to 542.2 billion TRY. In March, expenditures in the categories of SGK state premium expenses (49.6%), goods and services procurement expenses (41.1%), capital transfers (436%), and lending (129%) also rose above the annual inflation rate, putting pressure on the budget balance, while capital expenditures were the only category to contract by 30%, thereby limiting overall spending.

Budget Expenditures (billion TRY)



Expectations...

In March, despite the sliding-scale system and high interest expenses, the budget deficit narrowed by 12.1% yoy as budget revenues grew at a faster pace than expenditures, presenting a relatively positive outlook. As of the first quarter, the budget deficit also accounted for 15.5% of the 2026 annual budget target. On the other hand, the persistence of high oil prices and the potential pressure on economic activity stand out as the most significant risk factors for the central government budget in the coming period.

Central Government Budget

	March		% Change	January-March		% Change	2026 Budget Target	Real/ Budget Target (%)
	2025	2026		2025	2026			
Expenditures	1,027.7	1,460.4	42.1	3,117.6	4,425.4	42.0	18,978.8	23.3
Interest Expenditures	161.2	236.0	46.3	463.9	876.1	88.8	2,741.7	32.0
Non-Interest Expenditures	866.5	1,224.5	41.3	2,653.6	3,549.4	33.8	16,237.2	21.9
Revenues	766.3	1,230.5	60.6	2,406.8	4,005.4	66.4	16,266.1	24.6
Tax Revenues	645.1	1,057.2	63.9	2,022.7	3,360.4	66.1	13,833.1	24.3
Other Revenues	121.2	173.4	43.1	384.0	645.0	68.0	2,433.0	26.5
Budget Balance	-261.5	-229.9	-12.1	-710.8	-420.0	-40.9	-2,712.7	15.5
Primary Balance	-100.2	6.1	-	-246.9	456.0	-	29.0	1,574.5

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

Source: Datastream, Ministry of Treasury and Finance

Inflation

Monthly CPI inflation stood at 4.18% in April.

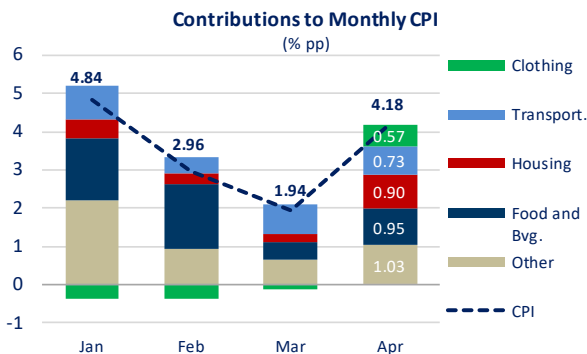
In April, the CPI rose by 4.18% on a monthly basis, exceeding market expectations (3.28%). Following the unexpectedly higher increase, the annual CPI inflation rate also rose to 32.37% in April.

The monthly increase in the D-PPI in April was 3.17%, which was below the CPI but still at a relatively high level. Consequently, the annual PPI inflation rate also rose to 28.59%.

April (change %)	CPI		D-PPI	
	2025	2026	2025	2026
Monthly	3.00	4.18	2.76	3.17
Year-to-Date	13.36	14.64	10.19	10.99
Annual	37.86	32.37	22.50	28.59
Annual Average	48.73	32.43	32.65	26.48

Food prices were the key driver of the rise in the CPI.

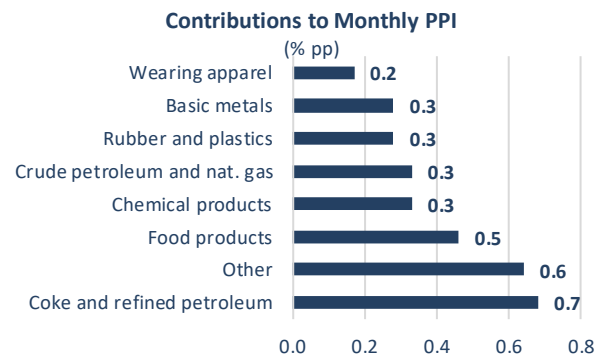
In April, price increases were observed across all CPI sub-groups. The food and non-alcoholic beverages group, which had seen relatively moderate price increases in March, contributed the most to the overall index in April with a monthly increase of 3.70% (0.95 pps). During this period, the rise in prices of bread and bakery products, as well as meat, was considered the key driver of the increase in the food group. While prices of fresh fruits and vegetables rose by 5.93% on a monthly basis, gaining momentum compared to the previous month, monthly changes in prices of other processed and unprocessed foods remained below the 3% level.



The housing, water, electricity, gas, and other fuels group also contributed the most to headline inflation in April, accounting for 0.90 percentage points. Monthly inflation in this group, which has significant inertia, was 7.99% as a result of increases in natural gas and electricity costs in April. Transportation inflation stayed high in April at 4.29% (4.52% in March), accounting for 0.73 pps of the monthly CPI increase. This development was primarily driven by the global rise in energy prices, which triggered price increases domestically in items such as airline tickets, bus and passenger transportation, gasoline, and diesel. The monthly price increase in the energy group reached 14.40% during this period, marking the highest level since the increase observed in June 2022, when the effects of the Russia-Ukraine war were evident.

Core inflation indicators continued to remain below headline inflation.

The 3.69% increase in the A index, which excludes seasonal products, in April, being below the headline inflation, indicated that seasonal factors also played a role in the acceleration of the CPI. Although the monthly increases in the B (3.42%) and C (3.46%) indices, which better reflect the underlying trend in inflation, remained below the headline inflation, they were significantly higher than the previous month and exceeded the increases of the previous April. Additionally, the monthly service inflation rate, which was relatively high at 3.03%, indicated rigidity in service inflation, but the monthly increase in rental prices, which fell to 2.33%, stood out as a relatively positive development. Thus, the increase in the rent index in the first 4 months of the year decreased from 22.0% in 2025 to 14.1% in 2026.



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

Although the 19.19% increase in coke and refined petroleum products in April fell short of the record set in March, it made the largest contribution (0.68 percentage points) to the monthly PPI change. The 2.29% increase in food prices in April also raised the PPI by 0.46 points. During this period, price increases in the base metals and plastics and rubber products groups each contributed 0.28 points to the upward movement of the PPI. The main factor that relatively limited the upward pressure on producer prices in April was the 4.96% price decline in the electricity and gas production/distribution category. This decline limited the increase in the PPI by 0.38 points.

Expectations...

The disruption of the disinflation process twice in the first four months of 2026 negatively affects inflation expectations. The high trend of energy prices on a global scale and the ongoing uncertainties regarding the upcoming period continue to be significant risk factors for the inflation outlook. Additionally, the significant deviation of weather conditions from seasonal norms in recent times stands out as a factor that could create upward pressure on food prices. In May, when upward risks to inflation have become more pronounced, the impact of the Eid on the transportation and food sectors will also be closely monitored.

Source: Datastream, Turkstat

Financial Markets

	31/Mar	30/Apr	Change
5-Y CDS (basis point)	306	249	-56 bp ▲
2-Y Benchmark Bond Yield	42.05%	41.22%	-83 bp ▲
BIST-100	12,791	14,443	12.9% ▼
USD/TRY	44.4513	45.1825	1.6% ▲
EUR/TRY	51.3575	52.9628	3.1% ▼
Currency Basket*	47.9044	49.0727	2.4% ▲

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

CBRT kept its policy rate at 37.0%.

At its third meeting of the year, the CBRT kept the one-week repo auction rate unchanged at 37%. The Committee kept the overnight lending rate at 40% and the overnight borrowing rate at 35.5%. The statement noted that while the underlying trend of inflation eased in March, leading indicators pointed to a modest increase in April. Despite signs of slowing economic activity, attention was drawn to the potential secondary effects of recent developments on the inflation outlook. While the statement retained the phrase that “monetary policy stance will be tightened in the event of a significant and persistent deterioration in the inflation outlook”, a new clause was added emphasizing the Committee’s cautious stance regarding upward risks to inflation. The CBRT, which has not changed interest rates in its last two meetings, has continued to ensure that the weighted average funding cost remains at the 40% by not holding weekly repo auctions since the end of February.

Inflation expectations continued to deteriorate.

According to the results of the Sectoral Inflation Expectations Report published by the CBRT, annual inflation expectations for 12 months ahead rose by 1.22 percentage points to 23.39% among market participants, by 0.80 percentage points to 33.70% in the real sector, and by 1.67 percentage points to 51.56% among households in April. Additionally, according to the Household Expectations Survey, the proportion of households expecting inflation to decline over the next 12 months decreased by 0.57 percentage points compared to previous month to 14.57%. The product/service groups that participants expect to see the highest price increases over the next 12 months remained “food” and “fuel and energy”.

Fitch and S&P published their assessments of Türkiye’s credit rating.

In its unscheduled assessment published on April 10, Fitch maintained Türkiye’s credit rating at “BB-”, but revised the rating outlook from “positive” to “stable”, citing the pressure the war in the Middle East is placing on the CBRT’s reserves. In its assessment, the agency raised its inflation forecast for the end of 2026 by 2 percentage

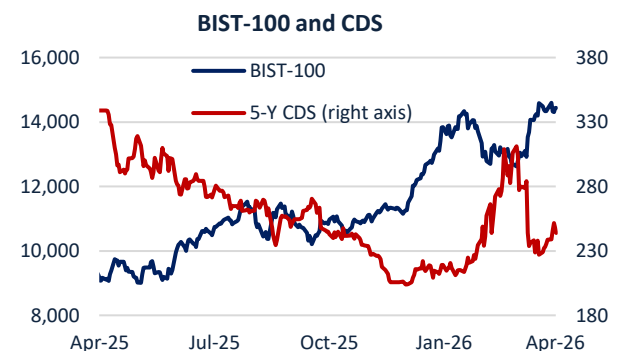
points to 27%, noting that further deterioration in the inflation and current account balance outlook could be observed if tensions in the Middle East persist. In its assessment on April 17, S&P affirmed Türkiye’s credit rating at “BB-” and maintained the rating outlook as “stable”. Moody’s, which published its latest assessment in January, maintains Türkiye’s credit rating at “Ba3” -the same level as other agencies- and keeps the rating outlook at “stable”. According to their schedules, Fitch is expected to issue its next assessment on July 17, Moody’s on July 24, and S&P on October 16.

CBRT’s gross reserves showed a recovery in April.

As of April 24, the CBRT’s total gross reserves rose by 15.7 billion USD compared to the end of March to 171.1 billion USD, while its net reserves increased by 19.1 billion USD to 54.2 billion USD. 110.1 billion USD of the CBRT’s total gross reserves consisted of gold, while 61 billion USD consisted of foreign exchange reserves. Meanwhile, according to data adjusted for price and exchange rate movements, as of April 24, the equities portfolio of non-residents increased by a net 1.1 billion USD compared to the end of March, while the government securities portfolio (based on the total of outright purchases, reverse repos, collateral, and loans) increased by a net 231 million USD.

BIST-100 index reached a new record high in April.

The BIST-100 index, which had been volatile at the beginning of the month amid uncertainties surrounding the tensions in the Middle East, rose in line with other emerging market indices following the ceasefire between the U.S. and Iran that began on April 8. Reaching a historic high of 14,594 towards the end of the month, the index closed April at 14,443, up by 12.9%. In April, Türkiye’s 5-year CDS spread fell by 56 basis points to 249 basis points, while the USD/TRY and EUR/TRY exchange rates rose by 1.6% mom and 3.1% mom, respectively. The yield on the 2-year bond fell by 83 basis points to 41.22%, while the yield on the 10-year bond rose by 35 basis points to 33.89% during the same period.

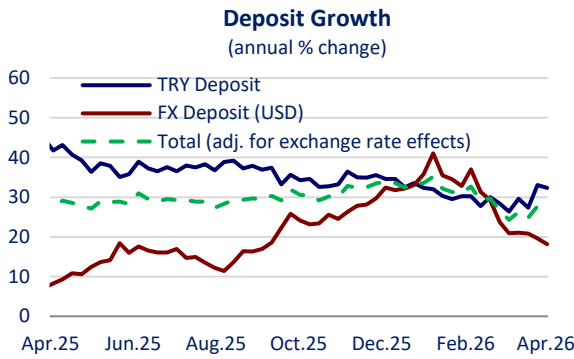


Source: CBRT, Datastream, Reuters

Banking Sector

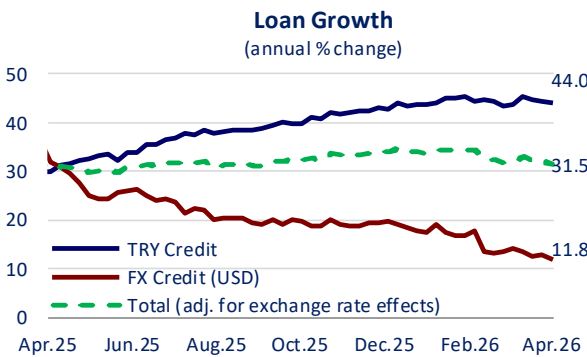
Acceleration in TL deposits...

According to the Weekly Bulletin data published by the BRSA, as of the week of April 24, TL deposit volume increased by 3.8% (previous: 0.7%) compared to the end of March and by 32.3% on an annual basis, reaching 17.3 trillion TRY. In this period, FX deposits in USD terms went up by 3.0% mom; and by 18.2% yoy partly with the effect of the rise in precious metal prices, and became 262.8 billion USD. In this framework, in April, total deposit volume recorded an increase of 4.0% compared to the end of March and 34.8% on an annual basis, reaching 29.0 trillion TRY. According to data adjusted for exchange rate effects, the annual increase in total deposits was 26.8%, while the ratio of TL deposits to total deposits stood at 59.5% with a limited decline.



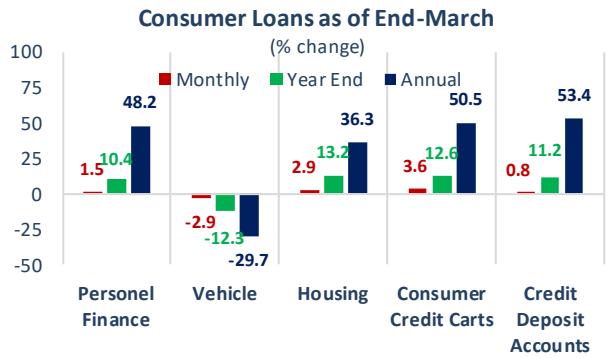
Total loan volume exceeded 25 trillion TRY.

Gaining momentum in April, the TL loan volume increased by 3.0% mom (previous: 2.4%) and by 44.0% yoy (previous: 43.6%), reaching the level of 16.0 trillion TRY. In this period, FX loan volume in USD terms rose by 1.8% and 11.8% on a monthly and on an annual basis, respectively, amounting to 207 billion USD. Thus, total loan volume went up by 3.0% and 39.0% respectively in the same periods, and became 25.3 trillion TRY. When adjusted for exchange rate effects, the annual widening in total loan volume decreased to 31.5% in April (previous: 32.2%).



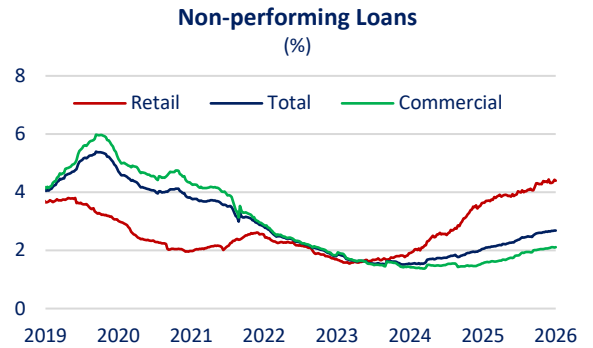
Personal loans expanded by 46.6% yoy.

As of April 24, TL personal loans volume continued its strong growth with 2.7% on a monthly and 46.6% on an annual basis. In this period, monthly and annual increases in personal credit card balance, which constituted 48.8% of personal loans, were recorded at 3.6% and 50.5% respectively. Following the 5.0% rise in March, the balance in overdraft accounts lost momentum rising only by 0.8%. This balance, which increased by 53.4% on an annual basis, stood at 818 billion TRY as of the end of April. In the same period, monthly increases in general purpose and housing loans were realized at 1.5% and 2.9%, respectively.



NPL ratio rose to 2.68%.

With the non-performing loans balance increasing by 30 billion TRY on a monthly basis, the non-performing loans ratio rose to 2.68% as of the end of April. Although NPL ratio continued its relatively low course with 2.11% in commercial loans, it was recorded at 3.44% in the SME segment and 4.40% in personal loans.



Source: BRSA Weekly Bulletin

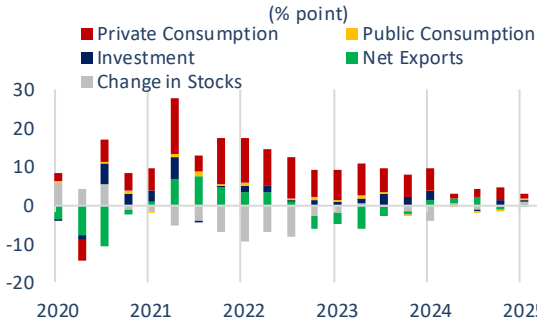
Concluding Remarks

Following April, during which the negotiations between the U.S. and Iran were closely monitored, uncertainty persists due to the continued presence of U.S. military forces in the Strait of Hormuz and the failure of the parties to reach a mutual agreement. Data released in April indicated that orders brought forward due to the uncertainty had accelerated activity in the global manufacturing sector, while the effects of persistently high oil prices on global inflation started to be felt. However, major central banks have adopted a “wait-and-see” strategy at their April meetings. Trump’s planned visit to China on May 14–15, whether other parties will join the talks there, the fate of tariffs and trade restrictions -particularly in the technology sector- and the direction of developments in the Middle East due to China’s influence on Iran will be closely monitored. Additionally, whether the Fed will make any changes to its monetary policy in the new era beginning with Kevin Warsh’s chairmanship will be one of the key agenda items. Whether other central banks will tighten policy in response to rising inflationary pressures will also be closely monitored.

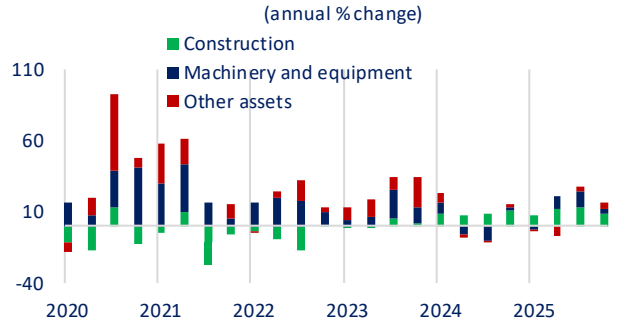
High global energy prices and uncertainties regarding the upcoming period continue to be significant factors for Türkiye’s inflation and current account outlook. A deterioration in expectations could create additional upward pressure on inflation as well. In this context, the CBRT, which kept funding cost at 40% throughout April, highlighted the importance of potential secondary effects of recent developments on the inflation outlook at its meeting on April 22. The CBRT’s second Inflation Report of the year, to be released on May 14, and the messages from the CBRT Governor will be closely monitored.

Growth

Contributions to GDP Growth

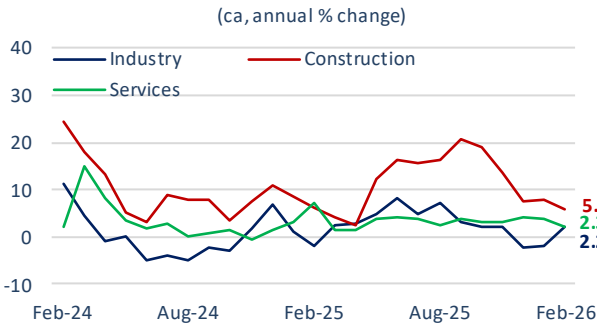


Gross Fixed Capital Formation

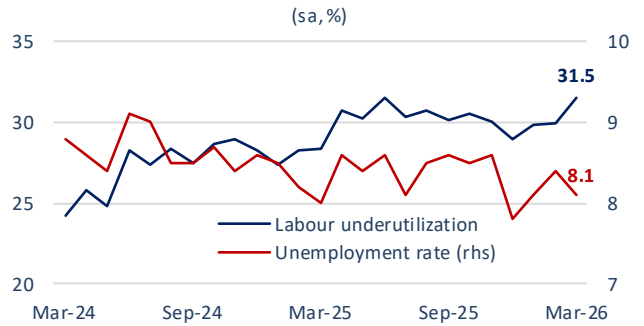


Leading Indicators

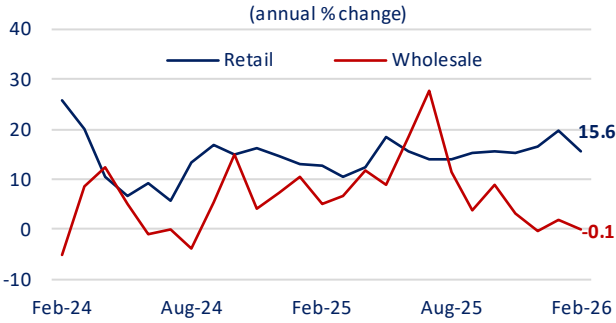
Production Indices



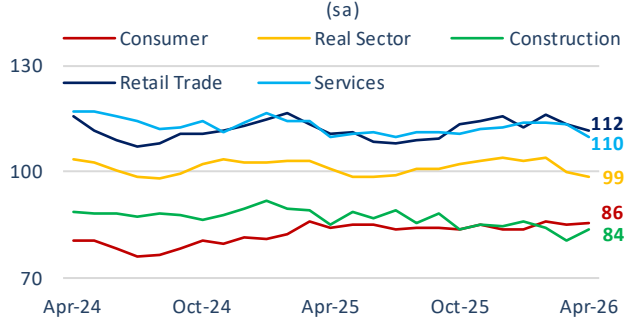
Labour Force Statistics



Sales Volume Indices

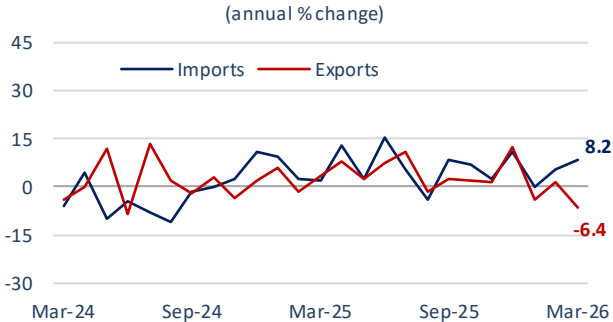


Confidence Indices

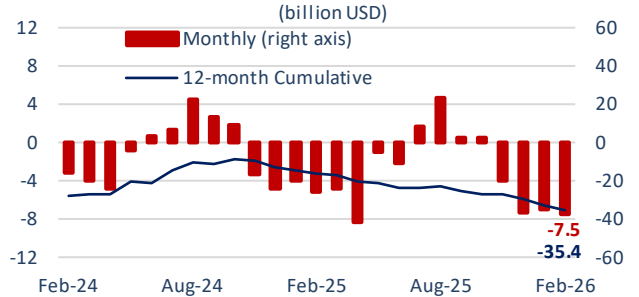


Foreign Trade and Current Account Balance

Foreign Trade



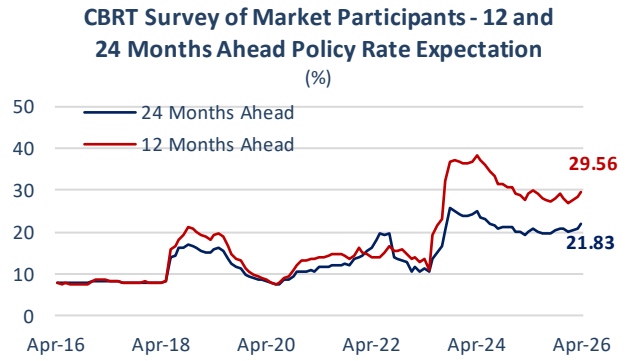
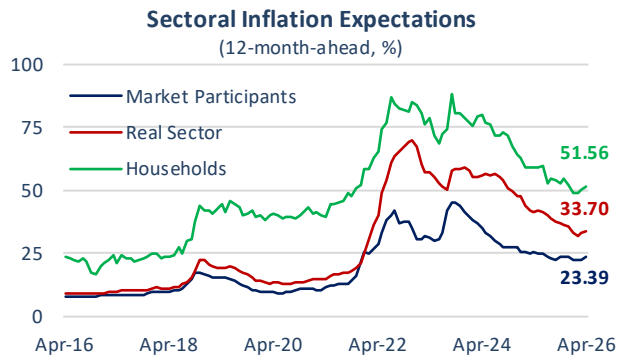
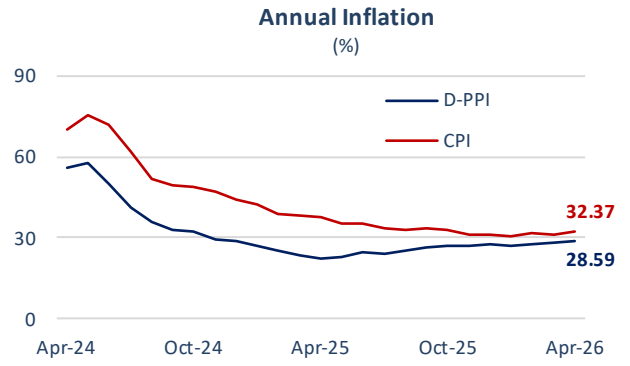
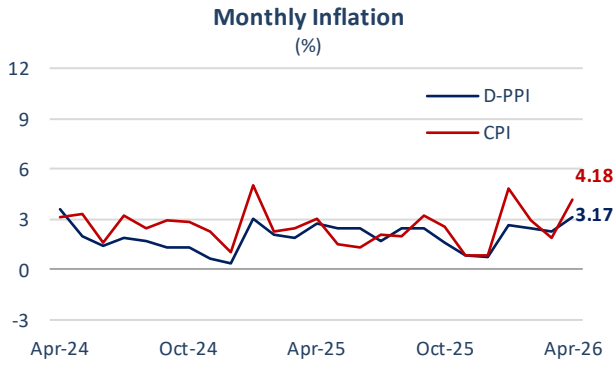
Current Account Balance



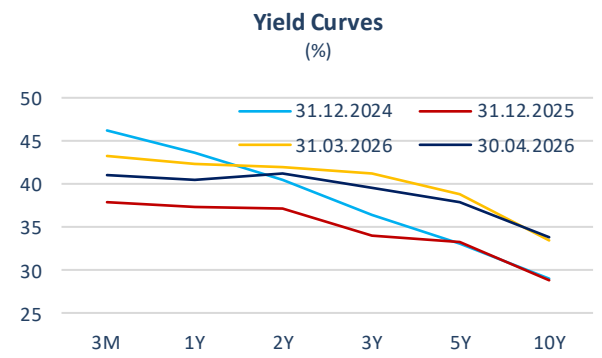
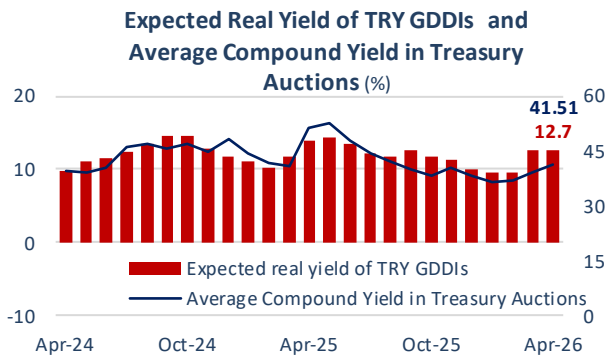
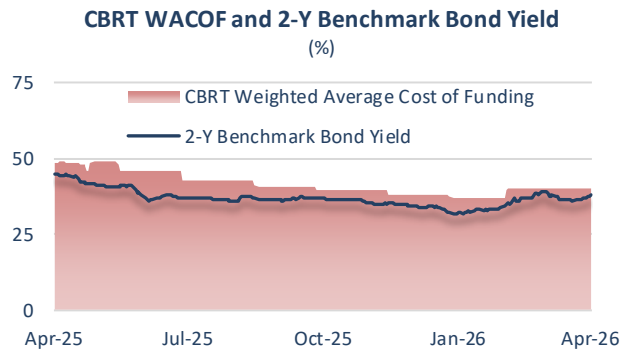
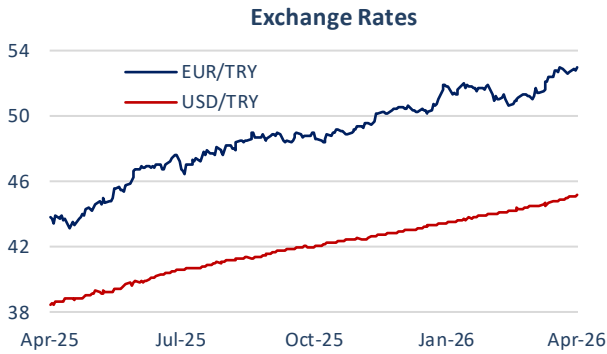
Source: Datastream, CBRT, Turkstat

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 (%)						Feb-26	Mar-26	Apr-26
CPI (annual)	36.08	64.27	64.77	44.38	30.89	31.53	30.87	32.37
Domestic PPI (annual)	79.89	97.72	44.22	28.52	27.67	27.56	28.08	28.59
SEASONALLY ADJUSTED LABOR MARKET FIGURES						Jan-26	Feb-26	Mar-26
Unemployment Rate (%)	11.0	10.4	8.9	8.6	7.8	8.1	8.4	8.1
Labor Force Participation Rate (%)	52.6	54.0	54.1	54.1	52.9	52.3	52.7	52.8
FX RATES						Feb-26	Mar-26	Apr-26
CPI Based Real Effective Exchange Rate	70.8	82.5	83.8	100.8	99.0	102.15	103.17	106.30
USD/TRY	13.28	18.72	29.53	35.36	42.96	43.95	44.48	45.18
EUR/TRY	15.10	19.98	32.62	36.62	50.46	51.89	51.25	53.00
Currency Basket (0.5*EUR+0.5*USD)	14.19	19.35	31.08	35.99	46.71	47.92	47.86	49.09
FOREIGN TRADE BALANCE⁽¹⁾ (USD billion)						Jan-26	Feb-26	Mar-26
Exports	225.2	254.2	255.6	261.8	273.3	272.5	272.7	271.2
Imports	271.4	363.7	362.0	344.0	365.4	365.4	367.0	369.5
Foreign Trade Balance	-46.2	-109.5	-106.3	-82.2	-92.1	-93.0	-94.3	-98.3
Import Coverage Ratio (%)	83.0	69.9	70.6	76.1	74.8	74.6	74.3	73.4
BALANCE OF PAYMENTS⁽¹⁾ (USD billion)						Dec-25	Jan-26	Feb-26
Current Account Balance	-7.1	-46.7	-41.8	-13.0	-30.2	-30.2	-33.2	-35.4
Financial Account	3.4	-18.2	-51.1	-21.8	-43.0	-43.0	-50.1	-57.1
Direct Investments (net)	-6.5	-9.8	-4.5	-5.1	-3.2	-3.2	-2.7	-2.6
Portfolio Investments (net)	7.6	18.5	-5.7	-12.0	1.7	1.7	-4.2	-2.4
Other Investments (net)	-21.1	-39.2	-38.9	-5.4	-19.5	-19.5	-26.7	-27.9
Reserve Assets (net)	23.3	12.3	-2.0	0.6	-22.0	-22.0	-16.5	-24.2
Net Errors and Omissions	10.5	28.5	-9.0	-8.7	-12.7	-12.7	-16.7	-21.4
Current Account Balance/GDP (%)	-0.9	-5.0	-3.6	-1.0	-1.9	-	-	-
BUDGET⁽²⁾⁽³⁾ (TRY billion)						Jan-26	Feb-26	Mar-26
Expenditures	1,603.5	2,942.7	6,588.0	10,780.6	14,634.6	1,635.8	2,965.0	4,425.4
Interest Expenditures	180.9	310.9	674.6	1,270.5	2,054.4	456.4	640.1	876.1
Non-interest Expenditures	1,422.7	2,631.8	5,913.4	9,510.2	12,580.2	1,179.4	2,324.9	3,549.4
Revenues	1,402.0	2,800.1	5,207.6	8,672.8	12,835.5	1,421.2	2,774.8	4,005.4
Tax Revenues	1,165.0	2,353.4	4,501.1	7,305.3	11,049.5	1,181.2	2,303.2	3,360.4
Budget Balance	-201.5	-142.7	-1,380.4	-2,107.8	-1,799.1	-214.5	-190.2	-420.0
Primary Balance	-20.7	168.2	-705.8	-837.3	255.3	241.9	449.9	456.0
Budget Balance/GDP (%)	-2.7	-0.9	-5.1	-4.7	-2.9	-	-	-
CENTRAL GOVERNMENT DEBT STOCK (TRY billion)						Jan-26	Feb-26	Mar-26
Domestic Debt Stock	1,321.2	1,905.3	3,209.3	4,959.9	8,152.8	8,597.1	8,663.9	8,671.3
External Debt Stock	1,426.6	2,130.1	3,527.4	4,297.5	5,509.3	5,668.3	5,731.9	5,775.6
Total Debt Stock	2,747.8	4,035.5	6,736.6	9,257.4	13,662.1	14,265.4	14,395.8	14,446.9

(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	Feb.26	Mar-26	Change ⁽¹⁾
TOTAL ASSETS	9,215	14,347	23,553	32,668	46,947	48,871	49,731	5.9
Loans	4,901	7,581	11,677	16,052	23,128	24,218	24,908	7.7
TRY Loans	2,832	5,110	7,894	10,145	14,560	15,230	15,841	8.8
Share (%)	57.8	67.4	67.6	63.2	63.0	62.9	63.6	-
FX Loans	2,069	2,471	3,783	5,907	8,568	8,987	9,066	5.8
Share (%)	42.2	32.6	32.4	36.8	37.0	37.1	36.4	-
Non-performing Loans	160.1	163.4	191.9	293.6	593.6	652.6	678.8	14.3
Non-performing Loan Rate (%)	3.2	2.1	1.6	1.8	2.5	2.6	2.7	-
Securities	1,477	2,371	3,970	5,226	7,013	7,089	7,465	6.5
TOTAL LIABILITIES	9,215	14,347	23,553	32,668	46,947	48,871	49,731	5.9
Deposits	5,303	8,862	14,852	18,903	27,226	28,295	28,261	3.8
TRY Deposits	1,880	4,779	8,897	12,307	16,587	16,536	16,716	0.8
Share (%)	35.5	53.9	59.9	65.1	60.9	58.4	59.1	-
FX Deposits	3,423	4,083	5,955	6,596	10,639	11,759	11,546	8.5
Share (%)	64.5	46.1	40.1	34.9	39.1	41.6	40.9	-
Securities Issued	310	325	584	1,045	1,890	1,920	1,911	1.1
Payables to Banks	1,048	1,432	2,384	3,535	5,177	5,390	5,285	2.1
Funds from Repo Transactions	587	540	723	2,244	2,575	2,718	3,343	29.8
SHAREHOLDERS' EQUITY	714	1,406	2,153	2,908	4,156	4,343	4,316	3.9
Profit (Loss) of the Period	93.0	431.6	620.8	660.3	940.2	169.4	288.4	-
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	49.6	50.1	-
Securities/Assets	16.0	16.5	16.9	16.0	14.9	14.5	15.0	-
Deposits/Liabilities	57.5	61.8	63.1	57.9	58.0	57.9	56.8	-
Loans/Deposits	92.4	85.5	78.6	84.9	84.9	85.6	88.1	-
Capital Adequacy (%)	18.4	19.5	19.1	19.7	19.7	16.8	16.5	-

(1) Year-to-date % change

Source: BRSA, Turkstat

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