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Global Economy

In its Economic Outlook Report, OECD maintained its global growth forecast for 2023 at 2.2%, while stating that concerns about energy supply may increase inflationary pressures.

In the US, inflation indicators improved in October. PMI data for November signaled that the deceleration in economic activity became more evident.

In the Euro Area, annual CPI inflation decreased for the first time since July 2021 and became 10.0% in November. On the other hand, core inflation excluding energy and food prices continued to rise, pointing out that the rise in prices was widespread.

The People's Bank of China did not change the policy rate at its November meeting. The restrictions imposed in the country as part of the "zero-Covid" policy continued to put pressure on economic activity in November.

In November, the price of Brent crude oil per barrel decreased by 9.9% mom to 85.4 USD due to the continued loss of momentum in global economic activity.

Turkish Economy

According to the chain linked volume index, Turkish economy grew by 3.9% on an annual basis in the third quarter of the year. In this period, seasonal and calendar adjusted figures reveal that economic activity decreased by 0.1% compared to the previous quarter and contracted for the first time since the second quarter of 2020.

Seasonally adjusted unemployment rate increased by 0.3 points compared to the previous month and became 10.1% in September. While industry and agriculture sectors posted employment losses in the third quarter of the year, service and construction sectors recorded increases in employment.

Manufacturing PMI dropped to 45.7 in November, pointing the sector continued to lose momentum in the ninth consecutive month. Weakness in domestic and foreign demand conditions, led total new orders to post the fastest loss in the last two and a half years.

In September, the current account posted a deficit of 3 billion USD. The 12-month cumulative current account deficit reached 39.2 billion USD, the highest level of the last 4 years.

The central government budget deficit increased by nearly 4 times on an annual basis in October, reaching 83.3 billion TRY, the highest level of this year. As of the first 10 months of the year, the budget deficit was 128.8 billion TRY.

Annual CPI inflation declined for the first time since May 2021, to 84.39% in November. Annual D-PPI inflation decreased to 136% due to the easing in global energy prices as well as the base effect.

CBRT lowered the policy rate by another 150 basis points to 9% at its November meeting and announced that the Bank had decided to end interest cut cycle, which started in August.

In November, domestic stock market continued to climb rapidly.

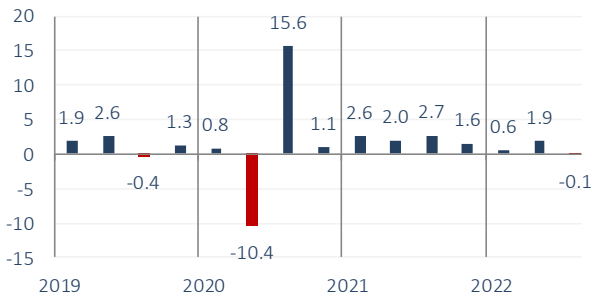
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GDP Growth

Turkish economy grew by 3.9% yoy in the third quarter.

According to chain linked volume index, Turkish economy grew by 3.9% yoy in the third quarter of 2022. The annual growth rate for the second quarter of the year was revised from 7.6% to 7.7%. Thus, in the first nine months of the year, Turkish economy grew by 6.2% compared to the same period of the previous year. On the other hand, according to seasonally and calendar adjusted figures, GDP contracted by 0.1% compared to the previous quarter, decreasing for the first time since the second quarter of 2020, when the effects of pandemic on economic activity were distinct.

Seasonally and Calendar Adjusted GDP
(quarterly % change)



Turkish economy expanded by 120.5% yoy at current prices in the third quarter of 2022 due to the effect of high inflation. Thus, at current prices, the cumulative size of the Turkish economy for the last four quarters exceeded 12.5 trillion TRY as of the third quarter. In this period, GDP in USD terms became 842.3 billion USD.

High contribution of private consumption expenditures continued.

According to the chain linked volume index, the contribution of private consumption expenditures to growth continued to be high with 12 points in the third quarter. In this period, public expenditures made the highest contribution to GDP growth in the last four years with 1.1 points. Net exports recorded the lowest contribution of the last two years with 0.7 points, parallel to the rapid increase in imports and the loss of momentum in exports.

Contributions to Growth (% point)

	2021		2022		
	Annual	Q1	Q2	Q3	9M
Consumption	9.5	13.3	13.9	13.1	13.4
Private	9.1	12.6	13.6	12.0	12.7
Public	0.4	0.6	0.3	1.1	0.7
Investment	1.9	1.1	1.3	-0.3	0.6
Stock Change	-4.9	-9.8	-10.2	-9.6	-9.8
Net Exports	4.8	3.0	2.7	0.7	2.0
Exports	5.3	3.4	3.9	2.9	3.4
Imports	-0.5	-0.4	-1.1	-2.2	-1.3
GDP (yoy, %)	11.4	7.5	7.7	3.9	6.2

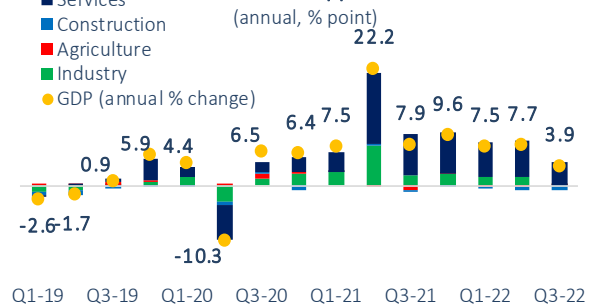
Numbers may not add to total due to rounding.
(*) Taxes and subsidies excluded.

Investment expenditures, which contributed positively to growth in the first two quarters of the year, limited the growth by 0.3 points in the third quarter. The decline in construction investments drew attention in this period, while the rise in machinery-equipment investments continued despite losing momentum. The stock change figure, which has been putting pressure on growth since the last quarter of 2020, decreased the growth by 9.6 points in the third quarter of the year.

Construction sector contracted by 14.1% on an annual basis.

Analyzing the GDP figures by production approach revealed that growth performance of all main sectors except agriculture weakened in real terms in the third quarter of the year. The agricultural sector, which contracted in the first half of the year, grew by 1.1% on an annual basis in the third quarter, contributing 0.1 point to GDP growth. In this period, the contribution of industry sector fell to its lowest level since the second quarter of 2020 with 0.1 point. Due to the strong performance of tourism and finance sectors, the services sector pushed growth by 4.3 points. The construction sector, which recorded the fastest annual contraction in 2 years with 14.1% according to the chain linked volume index, limited the GDP growth by 0.8 points.

Contributions to GDP Growth by Production Approach*
(annual, % point)



Expectations...

Following strong growth performance in the first half of the year, loss of momentum in the Turkish economy became evident in the third quarter of the year. Although the contribution of private consumption continued, the contribution of net exports tended to decline due to the weakening of economic activity in export markets and strong course of imports. In addition, decline in investment expenditures, which limited the growth after a year was another negative development. The slowdown in global economic activity and the inflationary environment are expected to continue putting pressure on growth in the upcoming period.

Leading Indicators

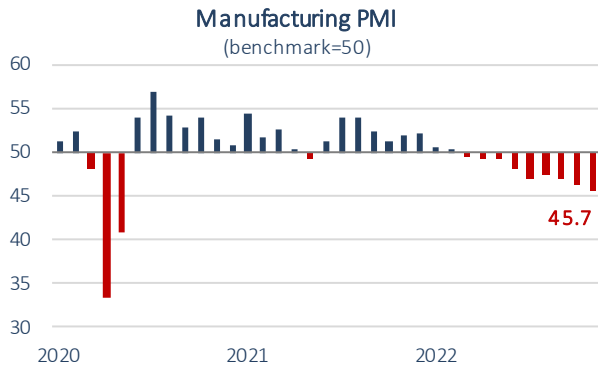
Unemployment rate became 10.1% in September.

In September, seasonally adjusted unemployment rate rose by 0.3 points mom and became 10.1%. In this period, employment rate and labor force participation rate were realized as 47.6% and 52.9%, respectively. Labor underutilization rate, which expresses the ratio of time related underemployment, unemployed and potential labor force to the sum of labor force and potential labor force, increased by 0.4 pts mom to 20.3% in September.

According to seasonally adjusted figures, the number of paid employees in industry and agriculture sectors declined by 107K and 26K persons, respectively, in the third quarter of the year. Employment rose in the services and construction sectors by 247K and 8K persons. The share of the service sector in total employment increased from 56.1% in the second quarter to 56.7% in the third quarter.

Manufacturing PMI indicated that weakening in the sector deepened.

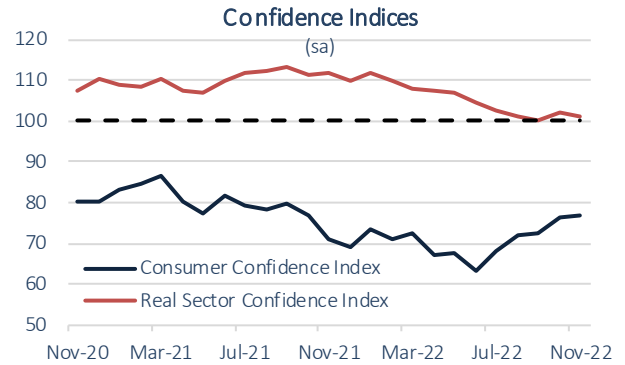
Manufacturing PMI declined by 0.7 points to 45.7 in November, indicating that the weakening in sector's activity persisted. The fastest momentum loss in total new orders and new export orders sub-indices in the last two and a half years was behind the index's decrease. In November, input costs climbed at the slowest rate in three years due to the weakening demand and production, as well as the developments in global commodities markets. After two months of decline, employment rebounded again in November, albeit slightly.



Confidence indices gave mixed signals...

The pressure on demand conditions also negatively affects confidence indices. The seasonally adjusted real sector confidence index decreased by 0.7 points to 101.3 in November, while the total orders sub-index for the last three months declined by 8.7 points. According to the sectoral confidence indices, confidence in the services sector decreased due to the weakness in demand in the last three months, while the confidence indices increased in the retail trade and construction sectors thanks to the continued positive expectations. In November, the consumer confidence index rose to 76.6, the highest value since October 2021. The economic confidence index, which

consists of the combination of consumer, real sector and sectoral confidence indices by weighing, declined by 0.2 points mom and became 96.9 in November.

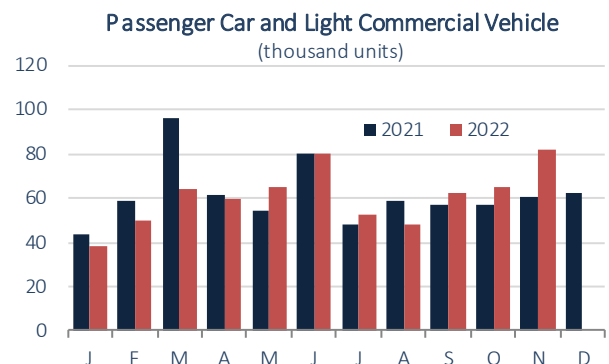


The increase in RPPI lost momentum in September.

According to CBRT, Residential Property Price Index (RPPI) recorded the slowest monthly increase of the last year with 4.9% in September. The annual rise in RPPI was 189.2%, while annual real increase became 58%. On the other hand, the downward trend in house sales on an annual basis since July, continued in October as well. In this period, house sales decreased by 25.3% yoy to 103K units. Mortgaged house sales also declined by 52.7% yoy, to 13K. In the January-October period, on the other hand, total house sales increased by 6.7% yoy to approximately 1.2 million units, supported by the positive outlook in the first half of the year.

Automotive market expanded rapidly in November.

According to Automotive Distributors and Mobility Association (ODMD) data, rising by 36% yoy in November, automobile and light commercial vehicle sales continued to increase on an annual basis for the third month in a row. In this period, automobile sales rose by 38% yoy to 59,222 units, while the light commercial vehicle market expanded by 34% yoy and reached 23,089 units. However, despite the rise in recent months, automotive sales in the January-November period declined by 1% yoy. The base amounts for SCT imposed on automotive sales were raised in the last week of November. This action aims to minimize the SCT imposed on motor vehicles and automotive pricing to some extent.



Source: Turkstat, Datastream, ODD

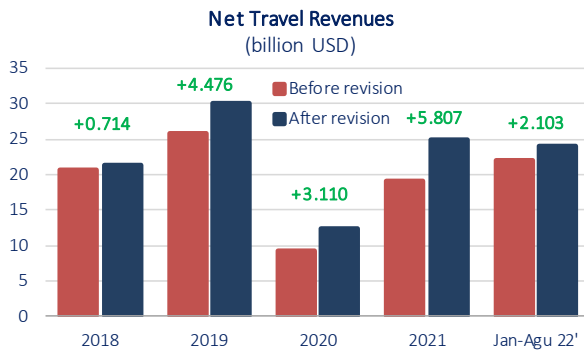
Foreign Trade and Balance of Payments

Foreign trade deficit widened by 268.1% yoy in September.

In September, the high level of energy prices continued to be influential on the foreign trade deficit. According to data released by TURKSTAT, exports expanded by 9.2% on an annual basis to 22.6 billion USD, while imports increased by 38.1% to 32.2 billion USD in this period. Thus, the foreign trade deficit nearly quadrupled on an annual basis in September and amounted to 9.6 billion USD. The import coverage ratio, which was 88.8% in September, decreased to 70.2% in the same month of 2022.

Current account deficit became 3 billion USD in September.

The current account, which had posted a surplus of 2.7 billion USD in September last year, gave a deficit of 3 billion USD in the same period of this year. In this period, net energy imports doubled on an annual basis with the effect of rising energy prices, and became the determining factor in the widening of the current account deficit, as it was the case throughout the year. On the other hand, the annual rise in net services revenues by 1.3 billion USD thanks to the positive course in tourism and transportation revenues limited the widening in the current account deficit.



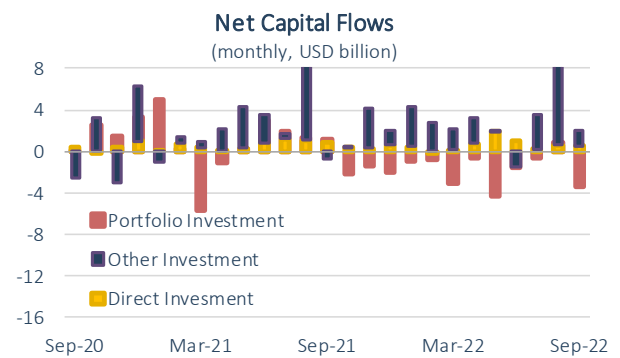
In the first 9 months of the year, the current account deficit was 38 billion USD. Excluding net energy imports, the current account balance posted a surplus of 22.9 billion USD in this

period. In September, the 12-month cumulative current account deficit reached 39.2 billion USD, the highest level of the last 4 years.

Net travel revenues for 2021 increased by 5.8 billion USD in line with TURKSTAT's revision of the tourism revenues in October. In the same period, the current account deficit for 2021 was revised down from 13.9 billion USD to 7.3 billion USD. Net travel revenues were revised upwards by 4.5 billion USD in the first 8 months of 2022.

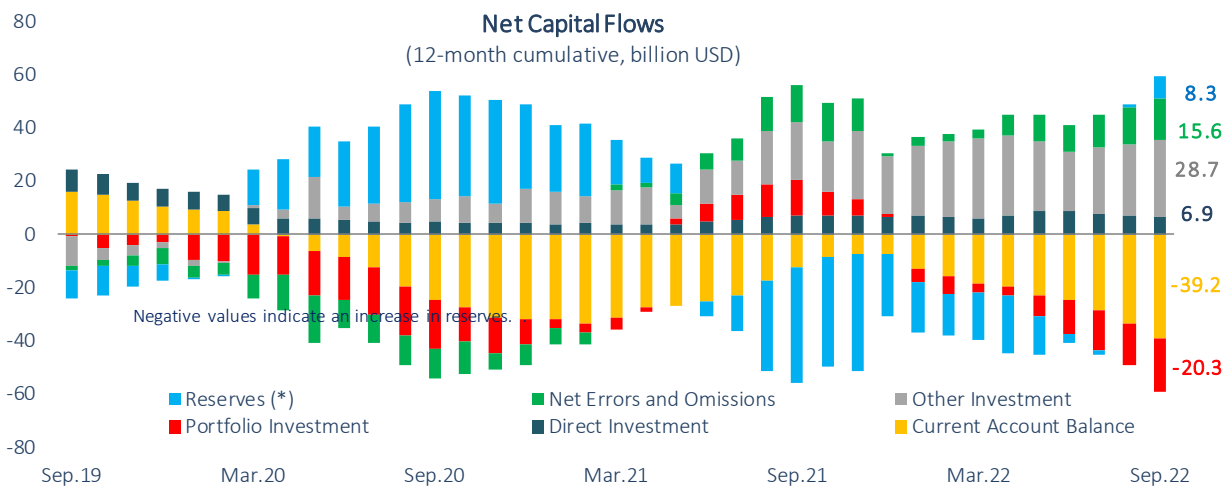
Moderate outlook in direct investments...

In September, net direct investments indicated a moderate outlook with an inflow of 488 million USD. Non-residents' direct investments to Turkey reached 964 million USD in September, the highest level of the last 3 months. In this period, 471 million USD of direct investments were made for real estate investments, while capital investments amounted to 393 million USD.



Portfolio investments recorded outflow in September.

Net portfolio investments, which had posted capital inflow in August for the first time this year, recorded an outflow of 3.4 billion USD in September. A total of 3.6 billion USD repayments made by the General Government and banks for bonds issued abroad played a role in this capital outflow. In September, non-residents realized net sales of 522 million USD in the stock mar-



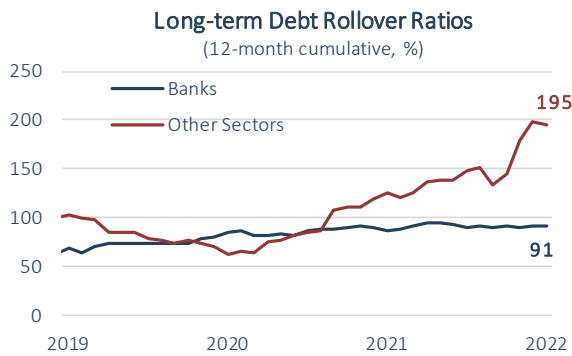
Source: Datastream, Turkstat, CBRT

Foreign Trade and Balance of Payments

ket and 115 million USD in the GDDS markets. In the first nine months of the year, an outflow of 3.3 billion USD from the stock market and 2 billion USD from the GDDS market was recorded, while the total outflow in portfolio investments reached 14.6 billion USD.

Capital inflows continued in the other investments.

Net capital inflow in other investments continued in September, albeit at a slower pace compared to the previous month. In this period, other investments contributed 1.6 billion USD to the financing of the current account deficit. In September, the 2.3 billion USD rise in effective and deposits held by non-residents in domestic banks stood out. 729 million USD of the said deposit increase was provided by non-resident banks, and 1.6 billion USD by non-resident individuals. Thus, the effective and deposit



provided by non-resident individuals reached the highest level of the last 12 years. In September, banks made a net-repayment of 250 million USD and the General Government 107 million USD in loans taken from abroad. On the other hand, other sectors made 336 million USD net loan use in September. According to the 12-month cumulative figures, as of September, the long-term debt rollover ratio was 91.1% in the banking sector and 194.7% in other sectors.

Reserve assets decreased by 1.7 billion USD in September.

Reserve assets, which increased rapidly in August, decreased by 1.7 billion USD in September. Thus, the rise in reserve assets since the beginning of the year declined to 1.2 billion USD. Net errors and omissions inflows were recorded as 2.6 billion USD in September and 24.9 billion USD in the first nine months of the year.

Expectations...

According to the preliminary figures, the loss of momentum in the export volume became evident in October, while the foreign trade deficit continued to widen rapidly by 430% on an annual basis. Due to the high energy prices, the foreign trade deficit reached 91.1 billion USD in the January-October period. We think that the risks regarding the current account deficit will remain on the agenda in the upcoming period, in line with the deceleration in global economic activity, especially in the Euro Area, our main export market.

Balance of Payments

	Sep. 2022	Jan. - Sep. 2021	2022	% Change
Current Account Balance	-2,966	-6,068	-37,977	525.9
Foreign Trade Balance	-8,097	-20,589	-68,057	230.6
Services Balance	6,083	22,040	37,710	71.1
Travel (net)	4,558	17,470	28,625	63.9
Primary Income	-947	-8,334	-7,027	-15.7
Secondary Income	-5	815	-603	-
Capital Account	-2	-63	-23	-63.5
Financial Account	-355	4,529	-13,061	-
Direct Investment (net)	-488	-5,562	-5,579	0.3
Portfolio Investment (net)	3,373	-6,392	14,626	-
Net Acquisition of Financial Assets	-890	462	3,507	659.1
Net Incurrence of Liabilities	-4,263	6,854	-11,119	-
Equity Securities	-522	-1,316	-3,341	153.9
Debt Securities	-3,741	8,170	-7,778	-
Other Investment (net)	-1,584	-16,317	-23,313	42.9
Currency and Deposits	-1,217	-10,434	-17,924	71.8
Net Acquisition of Financial Assets	1,914	2,116	5,343	152.5
Net Incurrence of Liabilities	3,131	12,550	23,267	85.4
Central Bank	798	4,761	7,292	53.2
Banks	2,333	7,789	15,975	105.1
Foreign Banks	729	6,186	10,066	62.7
Foreign Exchange	380	5,112	6,483	26.8
Turkish Lira	349	1,074	3,583	233.6
Non-residents	1,604	1,603	5,909	268.6
Loans	-347	419	-5,425	-
Net Acquisition of Financial Assets	-368	2,109	425	-79.8
Net Incurrence of Liabilities	-21	1,690	5,850	246.2
Banking Sector	-250	-2,456	-3,219	31.1
Non-bank Sectors	336	4,349	8,795	102.2
Trade Credit and Advances	-32	33	63	90.9
Other Assets and Liabilities	12	3	-27	-
Reserve Assets (net)	-1,656	32,800	1,205	-96.3
Net Errors and Omissions	2,613	10,660	24,939	133.9

Source: CBRT, Datastream

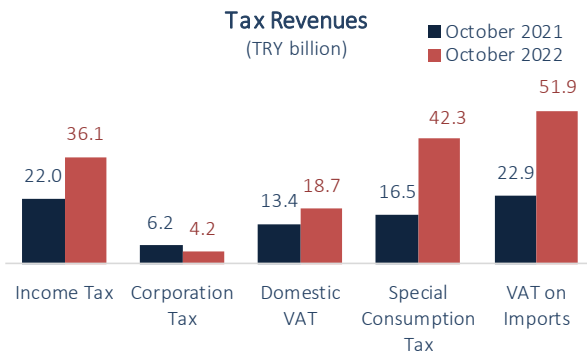
Budget Balance

The central government budget gave a deficit of 83.3 billion TRY in October.

In October, the central government budget deficit rose by nearly 4 times on an annual basis, reaching 83.3 billion TRY, the highest level of this year. In this period, budget revenues increased by 96.6% to 224.2 billion TRY, while expenditures expanded by 133.9% to 307.4 billion TRY. In October, the primary budget balance gave a deficit of 22.1 billion TRY. The budget deficit in the first 10 months of the year, expanded by 64% compared to the previous year and reached 128.8 billion TRY due to the rise in current transfers and compensation of employees.

In October, SCT and VAT on imports supported the budget.

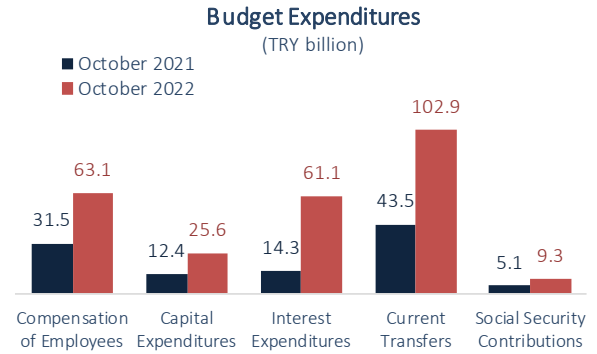
Tax revenues increased by 89.2% yoy in October and amounted to 181.8 billion TRY. In this period, revenues from VAT on imports and SCT, which constitute half of tax revenues, reached approximately 2.5 times the level of the previous year. The positive course in motor vehicle sales was effective in the rise of SCT revenues. The revenues from PE's and public banks, which were at the level of 621.6 million TRY in October last year, rose to 16.9 billion TRY in the same period of this year, making a positive contribution to the increase in budget revenues.



Current transfers expanded by 136.4% yoy.

In October, non-interest expenditures continued to rise in real terms, increasing by 110.3% yoy. Current transfers, which rose by 136.4% in this period, contributed 45.2 points to the expansion in budget expenditures. The increase in current transfers was driven by the annual 6-

fold increase in other transfers to households, reaching 26.2 billion TRY. In October, capital expenditures reached 25.6 billion due to the increase in real estate construction capital expenditures. In this period, interest expenses reached a record high level of 61.1 billion TRY with the effect of 40 billion TRY annual increase in domestic debt bond interest payments.



Expenditures related to FX protected deposit accounts reached 91.6 billion TRY.

In October, payments in domestic debt transfers to PE's amounted to 9.7 billion TRY (6.5 billion TRY to BOTAŞ). Thus, in the first ten months of the year, domestic debt transfers to PE's reached 160.1 billion TRY (121.4 billion TRY to BOTAŞ). In addition, expenses related to FX protected deposit accounts were recorded as 6.7 billion TRY in October. Thus, the aforementioned expenditure reached 91.6 billion TRY in the March-October period.

Expectations...

The slowdown in economic activity tempered the year's strong performance in budget revenues in the fourth quarter of 2022. On the expenditure side, the expansion in the budget deficit is being driven by an increase in interest expenditures and current transfers.

Central Government Budget

	October			January-October			2022 Budget Target	MTP Target	Real./ MTP Target (%)
	2021	2022	Ch.(%)	2021	2022	Ch.(%)			
Expenditures	131.4	307.4	133.9	1,183.1	2,328.2	96.8	2,831.5	3,133.7	74.3
Interest Expenditures	14.3	61.1	327.6	156.6	268.3	71.3	329.8	329.8	81.3
Non-Interest Expenditures	117.1	246.3	110.3	1,026.5	2,059.9	100.7	2,501.7	2,803.9	73.5
Revenues	114.0	224.2	96.6	1,104.6	2,199.4	99.1	2,553.1	2,672.5	82.3
Tax Revenues	96.1	181.8	89.2	904.5	1,829.8	102.3	2,186.0	2,269.6	80.6
Other Revenues	17.9	42.4	136.6	200.0	369.7	84.8	367.1	402.9	91.7
Budget Balance	-17.4	-83.3	378.3	-78.5	-128.8	64.0	-278.4	-461.2	27.9
Primary Balance	-3.1	-22.1	611.8	78.1	139.5	78.7	51.4	-131.4	-

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

Source: Datastream, Ministry of Treasury and Finance

Inflation

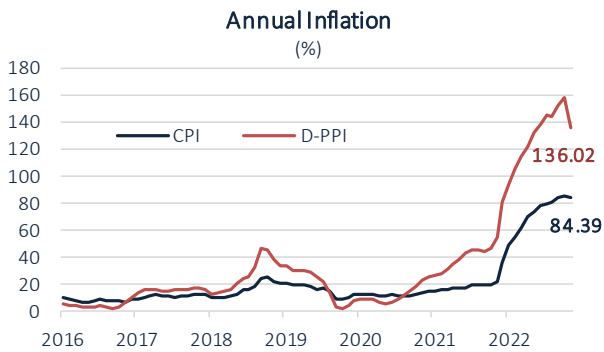
In November, CPI inflation became 2.88%.

In November, CPI rose by 2.88% compared to the previous month and recorded the lowest increase in the last three months. In this period, monthly domestic PPI (D-PPI) inflation was 0.74%, the lowest level since June 2020.

November (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	3.51	2.88	9.99	0.74
Year-to-Date	19.82	62.35	51.06	98.20
Annual	21.31	84.39	54.62	136.02
Annual Average	17.71	70.36	38.94	128.94

Annual inflation indicators declined.

The annual CPI inflation, which has been on an upward trend since June 2021, decreased slightly in November to 84.39%. Thus, the annual CPI increase peaked in October. Annual D-PPI inflation, which was 157.69% in October, declined to 136.02% in November, the lowest level of the last 6 months, thanks to the base effect.



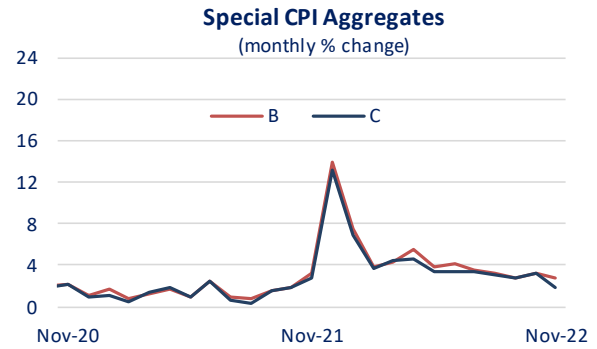
Food group made the highest contribution to monthly CPI inflation.

In November, prices in 11 of 12 main spending groups rose on a monthly basis. The food and non-alcoholic beverages group, which has the highest share among the expenditure groups, pushed the monthly CPI inflation the most by 152 basis points in this period. Due to the relatively flat course of fuel prices, price increases in the transportation group were below the headline inflation. The clothing and footwear group, where prices decreased by 1.42% mom, was the only group in which prices declined on a monthly basis.

Core inflation indicators...

In November, monthly rise in CPI inflation excluding seasonal products remained below the headline inflation, with 2.81%. The B core indicator (CPI excluding unprocessed food products, energy, alcoholic beverages

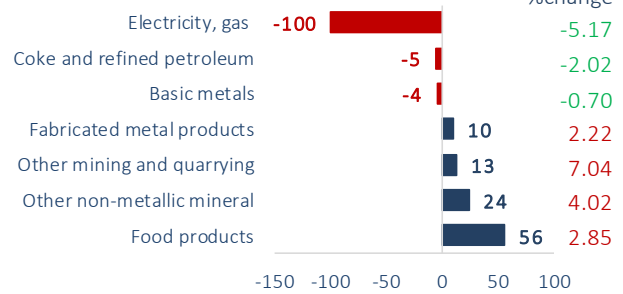
and tobacco and gold) went up by 2.73% on a monthly basis. In this period, the C core indicator (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco and gold) rose by 1.88% on a monthly basis, displaying its most moderate increase since October 2021. Annual increases in B and C indices came in at 76.18% and 68.91%, respectively.



The decline in energy prices limited the monthly rise in D-PPI.

In November, relatively flat course of exchange rates as well as the decline in global energy and metal prices led monthly D-PPI to increase at a moderate level. Electricity, gas production and distribution sector, where prices decreased by 5.17% on a monthly basis, limited the monthly D-PPI increase by one point. On the other hand, food sector made the highest contribution to monthly D-PPI inflation with 56 basis points.

Contribution of Sectors to Monthly D-PPI Inflation (basis points)



Expectations...

The relatively flat course of Turkish lira, loss of momentum in domestic demand and downward trend in commodity prices, especially energy prices, because of weakening in global economic activity reduce the upward pressure on domestic prices. Annual inflation is expected to continue to decline in December due to the base effect.

	31-Oct	30-Nov	Change
5-Y CDS (basis points)	656	522	-134 bps ▼
TR 2-Y Benchmark Yield	15.11%	10.71%	-440 bps ▼
BIST-100	3,979	4,978	25.1% ▲
USD/TRY	18.5920	18.5895	0.0% ▼
EUR/TRY	18.3973	19.3682	5.3% ▲
Currency Basket*	18.4947	18.9789	2.6% ▲

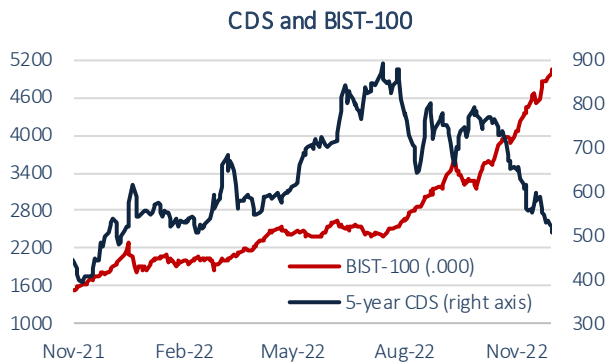
(*)(0.5 USD/TL + 0.5 EUR/TL)

Recovery in global risk appetite...

Signals pointing global inflationary pressures might ease and expectations that major central banks would adopt a more moderate path in monetary policy tightening measures had a positive impact on global risk appetite in November. The gradual decline that started in October in DXY, which was at its highest level in more than 20 years at the end of September, accelerated in November. The index, which closed the month at 106 with a 7.7% loss compared to its September peak, remained under pressure in the first days of December as well. Due to the rise in risk appetite, MSCI global stock markets index went up by 6.8% and MSCI emerging markets index by 14.6% in November.

Rapid decline in CDS premium...

Due to the increasing risk appetite, Turkey's 5-year CDS risk premium declined rapidly in November. The CDS risk premium, which decreased by 118 basis points in October, lowered by another 134 basis points in November, and closed the month at 522 basis points. CDS premium continued its downward trend in the first days of December and fell to the lowest levels in a year.



Domestic stock markets maintained their upward trend in November, reaching historical highs. BIST-100 index surged by 25.1% on a monthly basis and closed the month with a record level of 4,978.

USD/TRY remained flat.

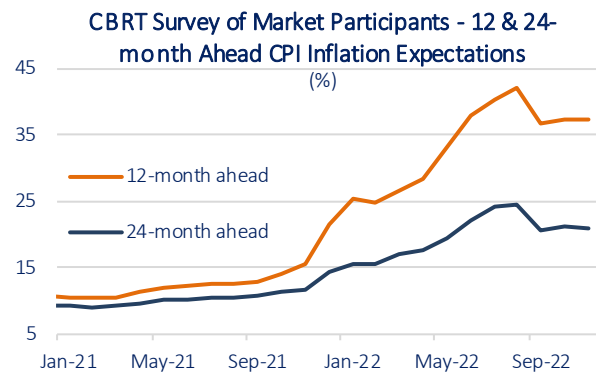
The flat course of USD/TRY parity since the beginning of October continued in November as well. On the other hand, due to the rapid increase in the EUR/USD parity, which has been showing a downward trend since the middle of 2021 and declined below 1 during the first week of November, EUR/TRY closed November at 19.37 by increasing 5.3% mom.

CBRT cut the policy rate by 150 basis points.

At the Monetary Policy Committee meeting held on November 24, CBRT lowered the policy rate by 150 basis points to 9%, in line with the market expectations. In the statement announced after the meeting, the CBRT stated that current policy rate was at sufficient level considering the increasing risks related to global demand, and announced the end of rate cut cycle, which started in August and reached a total cut of 500 basis points. While the CBRT stated that all available instruments to support effectiveness of monetary transmission mechanism will continue to be used with determination and additional measures will be implemented, it has announced that the Monetary and Exchange Rate Document for 2023 will be published in December and the policies to be implemented will be comprehensively announced.

CBRT has published the results of the Market Participants Survey.

According to CBRT's Market Participants Survey, the market's 2022 year-end inflation expectation became 68.06%, while the 12-month inflation expectation was 37.47% in November. It was noteworthy that the market's year-end USD/TRY forecast decreased from 19.82 to 19.54 in November.

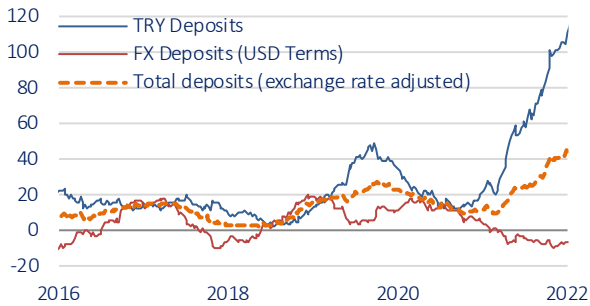


Source: CBRT, Datastream, Reuters,

Deposit volume reached 8.6 trillion TRY.

According to the BRSA Weekly Bulletin data, as of November 25, the volume of TRY deposits posted one of the highest annual increases of the series announced since 2002 with 118.1% mostly because of high inflation and reached 4.3 trillion TRY. The volume of FX deposits in USD terms, which had a gradual rise since the end of September and reached 239 billion USD on 11 November, decreased rapidly in the following weeks to 231.5 billion USD as of 25 November. Thus, the annual decrease in FX deposit volume in USD terms reached 9% as of November 25. In the same period, the total deposit volume rose by 68.7% yoy and reached 8.6 trillion TRY. FX protected deposit volume, which contracted on a weekly basis in the week of November 18 for the first time since it was introduced, increased again in the week of November 25 and became 1.47 trillion TRY.

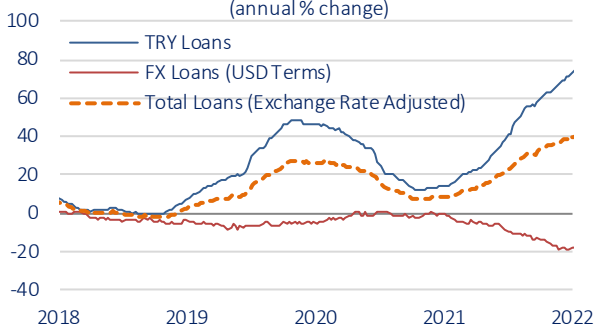
Deposit Growth
(annual % change)



TRY loan volume increased annually by 74.6%.

As of November 25, the total loan volume of the banking sector reached 7.22 trillion TRY with an annual expansion of 55.2%. TRY loan volume, which increased by 194 billion TRY in November, recorded one of the fastest annual increases in the last 16 years, with 74.6% yoy as of November 25 because of high inflationary environment. In this period, FX loan volume in USD terms decreased by 15.7% yoy and became 133.9 billion USD.

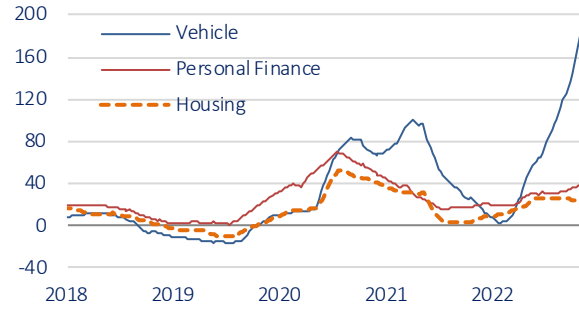
Loan Growth
(annual % change)



Acceleration increase in vehicle loans...

The volume of consumer loans increased by 34.6% on an annual basis and exceeded 1 trillion TRY as of November 25. In this period, vehicle loans surged up by 182.5%, while annual rises in housing and personal finance loans were 22.3% and 38%, respectively. The annual increase in balance of consumer credit cards reached a historical high of 99.2% as of November 25.

Consumer Loans
(annual % change)



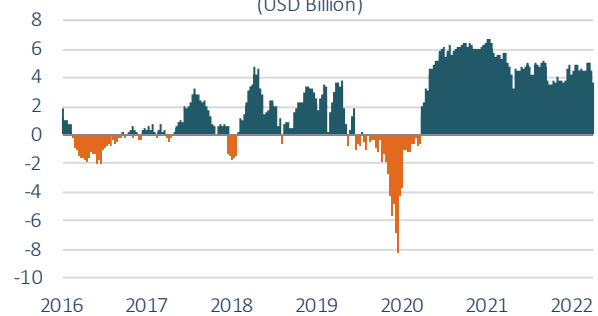
NPL ratio is at historically low level.

Non-performing loans ratio continued to decline mainly due to the expansion in loan volume and fell to its historically low level of 2.18% as of November 25. NPL ratio was 2.10% in consumer loans and 2.20% in commercial loans.

Net FX position...

As of November 25, net FX position was (-) 29.318 million USD on-balance sheet and (+) 33.027 million USD off-balance sheet. Thus, the banking sector's net FX position was realized as (+) 3.708 million USD as of November 25.

Net FX Position
(USD Billion)



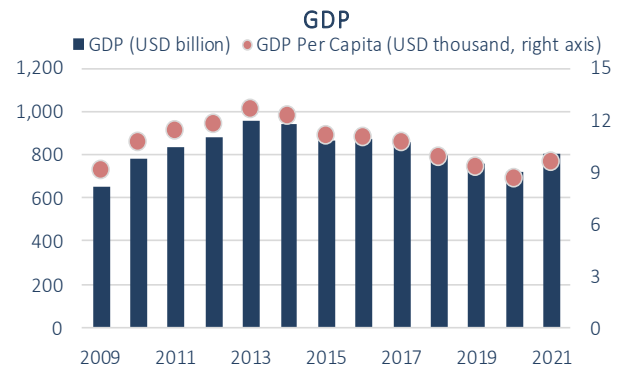
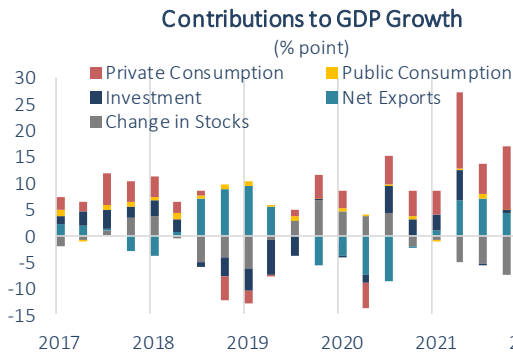
Source: BRSA Weekly Bulletin

Concluding Remarks

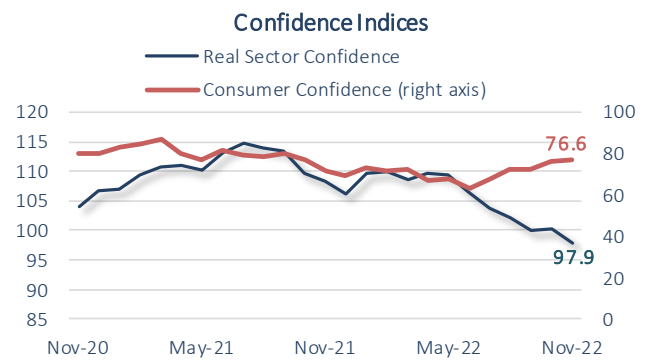
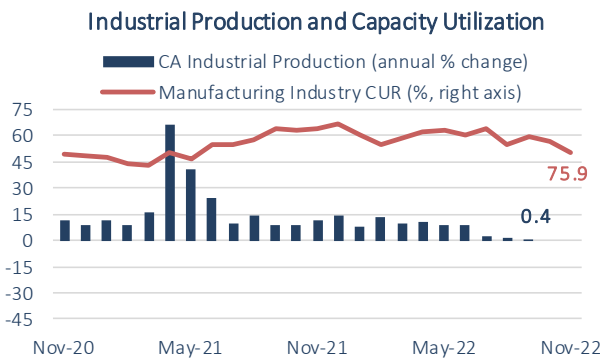
According to global PMI data, the slowdown in economic activity became evident in November. On the other hand, the mild improvement in global inflation figures parallel to the easing in commodity prices, particularly in energy, supports the expectations that major central banks may slow down the tightening steps in monetary policy. Fed Chairman Powell pointed to December for a transition to a more moderate path in interest rate hikes. While the decline in the DXY, which reached its highest level in more than 20 years in September, accelerated in November, the global risk appetite remained high.

Turkish economy grew by 3.9% on an annual basis in the third quarter of the year, in line with expectations. In this period, private consumption expenditures continued to contribute significantly to growth. On the other hand, leading indicators for the last quarter of the year point out that the deceleration in economic activity has become more evident. The manufacturing PMI data for November showed that the sector continued to lose momentum, while the decline of the annual growth of exports below 2% drew attention. The fall in annual inflation indices, on the other hand, suggests that the CPI increase has peaked in October. In the upcoming period, the decline in inflation is expected to continue due to the base effect.

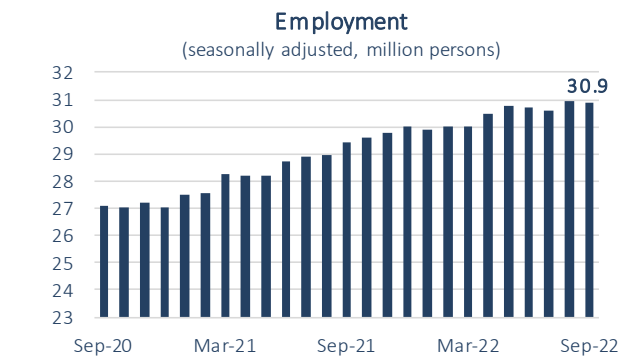
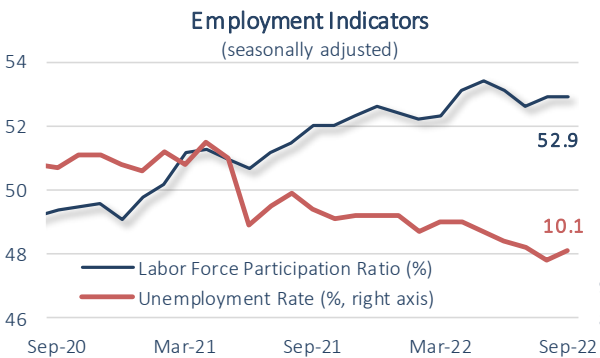
Growth



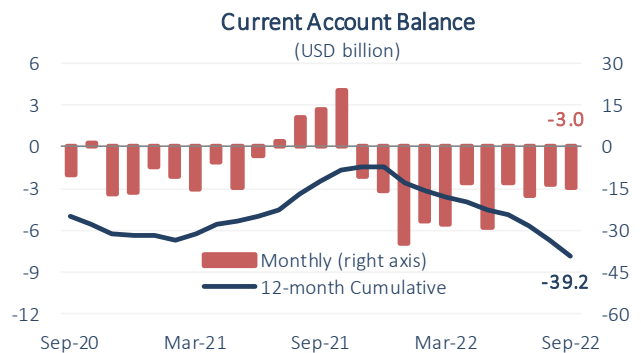
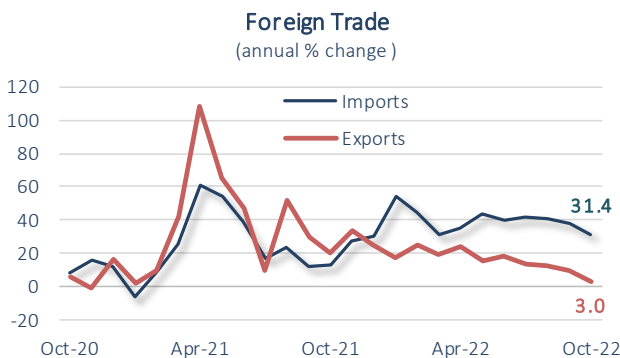
Leading Indicators



Labor Market



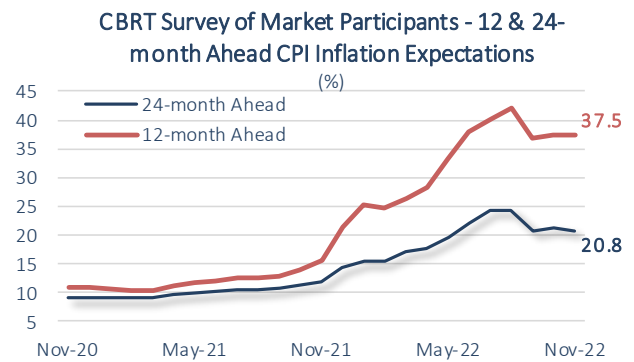
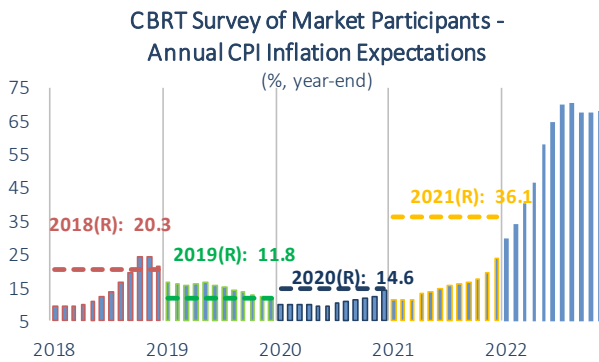
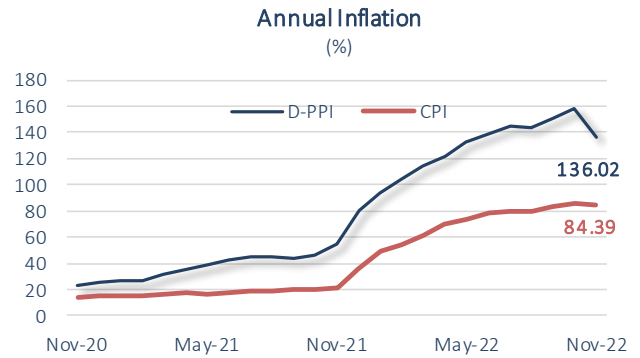
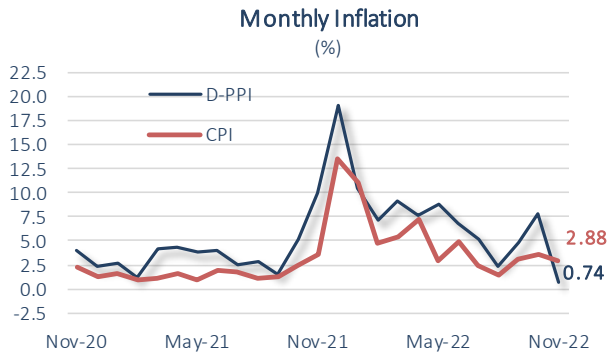
Foreign Trade and Current Account Balance



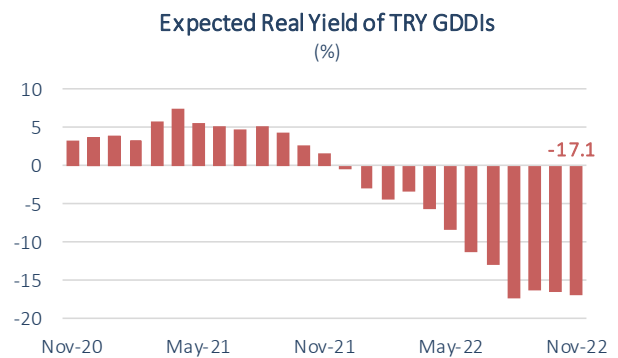
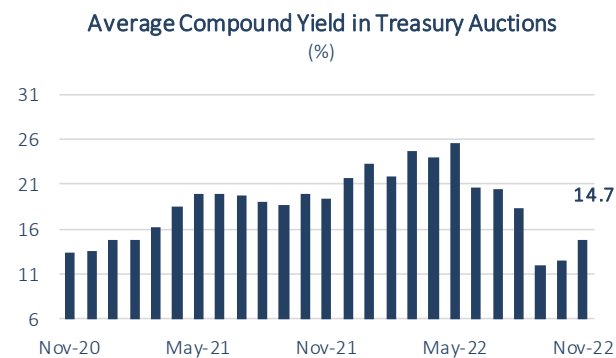
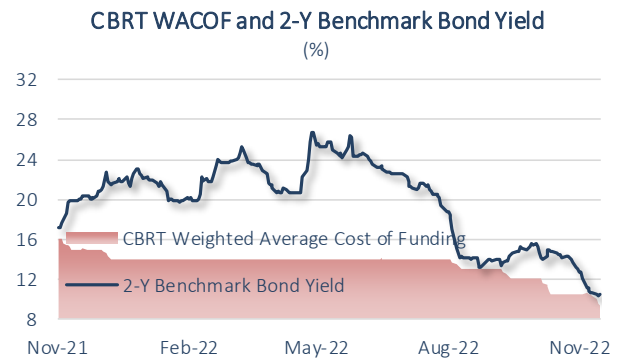
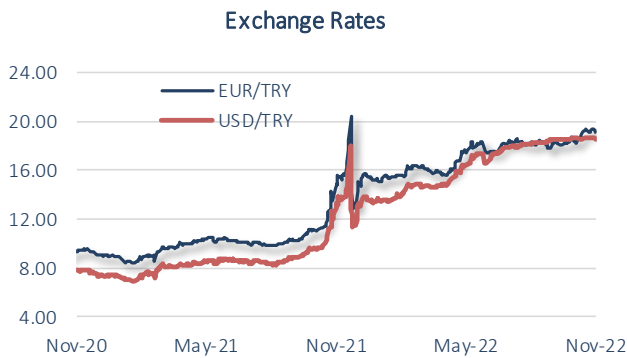
(CA) Calendar adjusted

Source: Datastream, CBRT, Turkstat

Inflation



Foreign Exchange and Bond Market



Turkish Economy - Macroeconomic Indicators

Growth	2017	2018	2019	2020	2021	Q1-22	Q2-22	Q3-22
GDP (USD billion)	859	797	760	717	807	181	220	242
GDP (TRY billion)	3,134	3,759	4,312	5,048	7,249	2,508	3,425	4,258
GDP Growth Rate (%)	7.5	3.0	0.8	1.9	11.4	7.5	7.7	3.9
Inflation (%)						Sep-22	Oct-22	Nov-22
CPI (annual)	11.92	20.30	11.84	14.60	36.08	80.21	83.45	84.39
Domestic PPI (annual)	15.47	33.64	7.36	25.15	79.89	143.75	151.50	136.02
Seasonally Adjusted Labor Market Figures						Jul-22	Aug-22	Sep-22
Unemployment Rate (%)	9.9	12.7	13.4	12.8	11.2	10.2	9.8	10.1
Labor Force Participation Rate (%)	52.8	53.2	52.6	49.1	52.6	52.3	52.9	52.9
FX Rates						Sep-22	Oct-22	Nov-22
CPI Based Real Effective Exchange Rate	86.3	76.3	76.1	62.0	47.7	54.4	55.5	55.7
USD/TRY	3.79	5.32	5.95	7.43	13.28	18.54	18.60	18.59
EUR/TRY	4.55	6.08	6.68	9.09	15.10	18.16	18.39	19.15
Currency Basket (0.5*EUR+0.5*USD)	4.17	5.70	6.32	8.26	14.19	18.35	18.49	18.87
Foreign Trade Balance⁽¹⁾ (USD billion)						Aug-22	Sep-22	Oct-22
Exports	164.5	177.2	180.8	169.6	225.2	250.6	252.5	253.1
Imports	238.7	231.2	210.3	219.5	271.4	340.5	349.4	356.4
Foreign Trade Balance	-74.2	-54.0	-29.5	-49.9	-46.2	-90.0	-97.0	-103.3
Import Coverage Ratio (%)	68.9	76.6	86.0	77.3	83.0	73.6	72.3	71.0
Balance of Payments⁽¹⁾ (USD billion)						Jul-22	Aug-22	Sep-22
Current Account Balance	-40.0	-20.1	10.8	-31.9	-7.3	-28.6	-33.5	-39.2
Capital and Financial Accounts	-49.7	1.1	5.1	-39.5	-6.0	-16.3	-19.0	-23.6
Direct Investments (net)	-8.5	-8.9	-6.6	-4.6	-6.9	-7.8	-7.3	-6.9
Portfolio Investments (net)	-24.4	0.9	2.8	9.6	-0.8	15.2	15.7	20.3
Other Investments (net)	-8.5	19.4	2.6	-12.6	-21.7	-25.1	-26.4	-28.7
Reserve Assets (net)	-8.2	-10.4	6.3	-31.9	23.3	1.4	-1.0	-8.3
Net Errors and Omissions	-9.7	21.1	-5.8	-7.6	1.4	12.3	14.5	15.6
Current Account Balance/GDP (%)	-4.7	-2.5	1.4	-4.4	-0.9	-	-	-
Budget⁽²⁾⁽³⁾ (TRY billion)						Aug-22	Sep-22	Oct-22
Expenditures	678.3	830.8	1000.0	1203.7	1599.6	1735.2	2020.8	2328.2
Interest Expenditures	50.2	74.0	99.9	134.0	180.9	174.0	207.1	268.3
Non-interest Expenditures	628.0	756.8	900.1	1069.8	1418.8	1561.2	1813.6	2059.9
Revenues	630.5	758.0	875.3	1028.4	1407.4	1768.3	1975.3	2199.4
Tax Revenues	536.6	621.5	673.9	833.3	1164.8	1474.5	1648.0	1829.8
Budget Balance	-47.8	-72.8	-124.7	-175.3	-192.2	33.1	-45.5	-128.8
Primary Balance	8.9	1.1	-24.8	-41.3	-11.4	207.1	161.6	139.5
Budget Balance/GDP (%)	-1.5	-1.9	-2.9	-3.5	-2.7	-	-	-
Central Government Debt Stock (TRY billion)						Aug-22	Sep-22	Oct-22
Domestic Debt Stock	535.4	586.1	755.1	1060.4	1321.2	1,689.5	1,738.3	1,800.5
External Debt Stock	341.0	481.0	574.0	752.5	1426.5	1961.3	1936.5	2007.3
Total Debt Stock	876.5	1067.1	1329.1	1,812.8	2,747.7	3,650.8	3,674.7	3,807.8

(1) 12-month cumulative

(2) Year-to-date cumulative

(3) According to Central Government Budget

Source: CBRT, Datastream, Ministry of Treasury and Finance, Reuters, Turkstat

BANKING SECTOR ACCORDING TO BRSA's MONTHLY BULLETIN FIGURES

(TRY billion)	2017	2018	2019	2020	2021	Sep.22	Oct.22	Change ⁽¹⁾
TOTAL ASSETS	3,258	3,867	4,491	6,106	9,215	13,100	13,453	46.0
Loans	2,098	2,394	2,656	3,576	4,901	6,836	7,035	43.5
TRY Loans	1,414	1,439	1,642	2,353	2,832	4,372	4,569	61.3
Share (%)	67.4	60.1	61.8	65.8	57.8	64	64.9	-
FX Loans	684	956	1,015	1,224	2,069	2,464	2,466	19.2
Share (%)	32.6	39.9	38.2	34.2	42.2	36	35.1	-
Non-performing Loans	64.0	96.6	150.8	152.6	160.1	160	161.1	0.6
Non-performing Loan Rate (%)	3.0	3.9	5.3	4.1	3.2	2	2.2	-
Securities	401	477	660	1,022	1,476	2,130	2,218	50.3
TOTAL LIABILITIES	3,258	3,867	4,491	6,106	9,215	13,100	13,453	46.0
Deposits	1,711	2,036	2,567	3,455	5,303	8,053	8,348	57.4
TRY Deposits	955	1,042	1,259	1,546	1,880	3,728	3,951	110.1
Share (%)	55.8	51.2	49.0	44.7	35.5	46	47.3	-
FX Deposits	756	994	1,308	1,909	3,423	4,325	4,396	28.4
Share (%)	44.2	48.8	51.0	55.3	64.5	54	52.7	-
Securities Issued	145	174	194	224	310	323	312	0.6
Payables to Banks	475	563	533	658	1,048	1,404	1,406	34.1
Funds from Repo Transactions	99	97	154	255	587	424	404	-31.2
SHAREHOLDERS' EQUITY	359	421	492	600	714	1,189	1,266	77.3
Profit (Loss) of the Period	48.6	54.1	49.0	58.5	93.0	286.2	335.9	-
RATIOS (%)								
Loans/GDP	67.0	63.7	61.5	70.9	68.0			
Loans/Assets	64.4	61.9	59.1	58.6	53.2	52.2	52.3	-
Securities/Assets	12.3	12.4	14.7	16.7	16.0	16.3	16.5	-
Deposits/Liabilities	52.5	52.6	57.1	56.6	57.5	61.5	62.1	-
Loans/Deposits	122.6	117.6	103.5	103.5	92.4	84.9	84.3	-
Capital Adequacy (%)	16.9	17.3	18.4	18.7	18.4	18.8	19.2	-

(1) Year-to-date % change

Source: BRSA, Turkstat

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