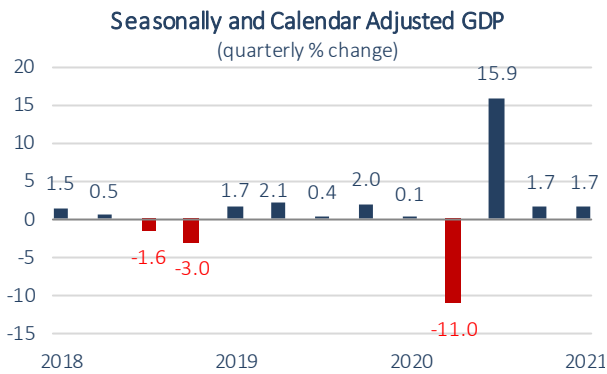


Turkish economy grew by 7.0% yoy in the first quarter of 2021.

According to the chain linked volume index, in the first quarter of 2021 the Turkish economy grew by 7% yoy, above market expectations. According to Reuters survey, GDP was expected to have expanded by 6.7% during this period.

Seasonally and calendar adjusted figures revealed that the domestic economic activity, which grew by 1.7% on a quarterly basis in the last quarter of 2020, expanded at the same pace in the first quarter of 2021, maintaining its growth rate.



As of the first quarter of 2021, the size of Turkish economy increased to 5.36 trillion TRY at current prices on an annualized basis, while annual GDP in USD terms became 729 billion USD in this period.

Consumption expenditures remained strong.

Consumption expenditures, which showed a rapid growth trend since the second half of 2020, continued this course in the first quarter of 2021 as well. In this period, consumption expenditures contributed 4.7 pp to overall GDP growth, 4.5 pp of which stemmed from private

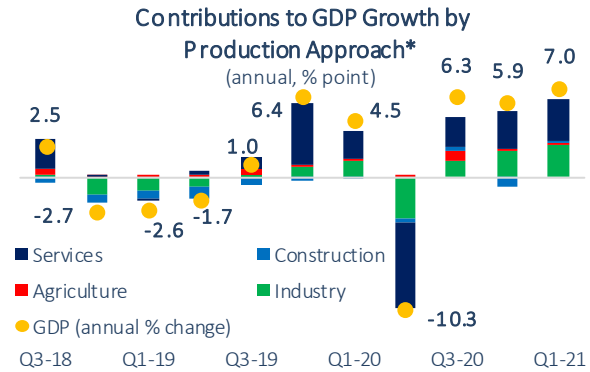
consumption and 0.2 pp from public consumption expenditures. While the strong demand for durable goods among private consumption expenditures weakened somewhat in the first quarter, household demand for semi-durable and non-durable goods accelerated.

Investment expenditures, which had a weak course in previous years, maintained its growth performance which started in the middle of 2020. According to the chain linked volume index, investment expenditures increased by 11.4% yoy in the first quarter and contributed 2.9 pp to growth. In this period, machinery and equipment investments continued to expand on a yearly basis. On the other hand, construction investments, having shown a weak performance since mid-2018, narrowed by 4.7% mom in the first quarter of 2021 and limited the GDP growth.

Net exports, which had limited growth since the last quarter of 2019, contributed 1.1 pp to GDP growth in the first quarter of this year. The recovery in global economic activity supported Turkey's export and played an important role in this development.

GDP by production approach...

All main sectors had positive contribution to GDP growth in the first quarter of the year. In this period, the services



Expenditure Approach - Contributions to GDP Growth (chain linked volume index 2009=100)

(% points)

	2018					2019					2020					2021
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	
Consumption	1.2	-1.4	0.2	2.0	4.9	1.5	3.3	-6.0	5.1	5.7	2.2	4.7				
Private	0.3	-2.4	-0.3	1.2	4.7	0.9	2.8	-5.6	5.0	4.7	1.9	4.5				
Public	0.9	1.0	0.5	0.8	0.3	0.6	0.5	-0.3	0.1	1.0	0.3	0.2				
Investment	-0.1	-4.2	-6.5	-3.8	0.2	-3.5	-0.1	-1.7	5.0	2.6	1.6	2.9				
Change in Stock	-1.8	-6.7	-1.2	2.4	6.8	0.6	5.7	5.2	5.3	-1.9	3.4	-1.5				
Net Export	3.6	9.8	5.8	0.5	-5.5	2.4	-4.5	-7.9	-9.1	-0.6	-5.5	1.1				
Exports	2.1	2.1	1.5	1.2	0.2	1.2	-0.5	-9.4	-5.9	0.0	-3.9	0.8				
Imports	1.6	7.7	4.4	-0.7	-5.7	1.2	-4.0	1.5	-3.3	-0.6	-1.5	0.2				
GDP	3.0	-2.6	-1.7	1.0	6.4	0.9	4.5	-10.3	6.3	5.9	1.8	7.0				

Numbers may not add to total due to rounding.

(*) Taxes and subsidies excluded.

Source: Datastream, Turkstat

sector made the highest contribution to growth with 3.3 pp, while the industrial sector contributed 2.5 pp to growth. In the first quarter of the year, each of agriculture and construction sectors contributed to growth 0.2 pps.

Expectations...

In the first quarter of 2021, the Turkish economy revealed a high growth performance led by the strong domestic demand as well as the recovery in foreign demand thanks to the ongoing recovery in global economic activity. Despite the full lockdown measures, a high growth figure is expected also in the second quarter of the year, because of the low base in the same period of last year. In the following period, the course of the pandemic and vaccination studies and their reflections on the services sector will be effective on economic activity. Inflation and exchange rate developments will also be closely monitored in terms of growth performance.

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