Economic Developments and Banking System, 2024

Global Economy

Global economic growth is below long-term average: Low growth in developed economies resulted with a low global economic growth. Proliferation of measures limiting global trade, ongoing geopolitical risks, sanctions, high debt ratio and uncertainties in economic policies had a negative impact on economic growth. Extensive use of technological developments in all aspects of the economy, management of climate and environmental risks and the funding of green transformation to offset these risks continue to be major issues.

Geopolitical risks continued: The Russia-Ukraine War which started in February 2022 continued, although its impact diminished. In addition, tensions in the Middle East and the Gaza War have increased geopolitical risks.

Selected Macroeconomic Indicators

			Forecast	
	2023	**2024**	**2025**	**2026**
Growth Rate (perc.)				
World	3.5	3.3	2.8	3.0
Developed Countries	1.7	1.8	1.4	1.5
Developing Countries	4.7	4.3	3.7	3.9
Trade Volume (perc. change)	1.0	3.8	1.7	2.5
Inflation (perc.)				
World	6.0	4.9	4.0	3.4
Developed Countries	3.1	2.5	2.4	2.1
Developing Countries	8.1	6.6	5.1	4.2
Public debt stock to gdp (perc.)				
Developed Countries	108	109	110	111
Developing Countries	67	69	74	77
Commodity Price Index (2016=100)	166	165	163	159

Source: IMF World Economic Outlook, April 2024

Growth in developed economies slowed down: The global economy is estimated to have grown by 3.3 percent in 2024. The growth rates are 1.8 percent in developed economies and 4.3 percent in developing economies. The global economy is expected to perform similarly in 2025.

Global trade accelerated, albeit limited: In 2023, global trade demonstrated a limited growth of 0.7 percent while the growth was 3.8 percent in 2024. The International Monetary Fund (IMF) estimates global trade volume to decline in 2025 due to possible protectionist measures.

Inflation rate continued to decrease in developed and developing economies: The inflation rate decreased in developed and developing economies and stood at 2.5 percent and 6.6 percent, respectively. The inflation rate is expected to continue to decrease.

The decreased rate of inflation in developed economies and concerns regarding growth resulted with loosening in monetary policies. The policy interest rate was reduced to 4.5 percent in the US and 3.25 percent in the EU.

In 2024, oil prices fluctuated. Oil prices rose in the first quarter of the year due to increasing geopolitical risks and supply concerns, but later fell as risks decreased and demand decreased somewhat.

Debt ratio remained high: The debt ratio is 377 percent in developed economies, 245 percent in developing economies and 93 percent in Türkiye. The debt ratio increased by 7 percentage points in developing economies and decreased by 1.3 percentage points in developed economies. The debt ratio of the real sector slightly decreased in both developed and developing economies. Türkiye positively deviates from developed and developing economies with a low debt ratio.

Global Debt (As of Gdp, percent)

	Türkiye	Developing Countries	Developed Countries	World
Household	10	46	69	60
Non-Financial	40	92	91	92
Government	27	73	114	99
Finance	16	35	103	78
Total	**93**	**245**	**377**	**328**

Source: IIF

Sustainability: The Corporate Sustainability Due Diligence Directive (CSDDD), which aims to enhance the protection of the environment and human rights through supply chains, entered into force.

United Nations (UN) Climate Change Conference (COP 29) was held in Azerbaijan. At the end of the meeting, calls were made to increase the public and private funds required to help developing economies for climate action until 2035. However, the nations could not come to an agreement regarding the decrease in the use of fossil fuels.

Turkish Economy

Summary

Basic macro indicators were in line with the Medium Term Program (MTP) and the objectives of 2024 Annual Program. The economy started to stabilize and simplification steps have continued.

Monetary policy was focused on lowering the inflation rate in the medium term and ensure price stability. Fiscal policy was focused on keeping the budget deficit below 3 percent, excluding the expenses resulting from the earthquake.

Economic growth continued, albeit slower: Growth was 3.2 percent, close to MTP growth objective. The contribution of net external demand to growth increased.

Unemployment rate was lower than estimated: Unemployment rate was 8.7 percent, lower than the estimation in MTP (9.3 percent).

Inflation declined: Inflation was close to the MTP estimate (41.5 percent). At the end of the year, consumer price inflation was 44.4 percent and producer price inflation was 28.5 percent. The limited decline in service prices had an impact on the average rate. Inflation expectation of the real sector and the household is in decline.

Policy interest rate was increased to 50 percent at the end of Q1 and remained unchanged until the end of December. The policy interest rate increase which started in the second half of 2023 continued until 2024 Q2. The interest rate increased from 42.5 percent at the end of 2023 to 50 percent as of the end of March. The interest rate was reduced to 47.5 percent at the final meeting of the year.

Regulatory reserves based on credit growth were introduced for industries other than those specified by CBRT. Growth limits were implemented for TL and FX loans. CBRT took steps to boost the share of TL deposits and decrease the share of FX-protected deposits. Incentives for FX-protected deposits and FX-conversion deposits continued, albeit limited.

Demand for TL deposits increased strongly. With the impact of the transition from FX-protected deposits and FX-conversion deposits to TL and from FX to TL, the share of TL deposits (excluding FX-protected deposits) among total deposits increased significantly. The share increased from 42 percent at the end of 2023 to 59 percent as of the end of 2024.

The value of TL remained stable: Due to the reverse currency substitution by local investors and TL investments by foreign investors, FX supply increased. The decline in current account deficit reduced the demand for foreign currency. TL has been stable throughout the year.

The share of TL loans decreased: The share of TL loans among total loans decreased. It decreased from 68 percent at the end of 2023 to 63 percent as of the end of 2024.

Gross and net reserves of the Central Bank rised: Gross reserves increased by 9.9 percent to USD 155.3 billion and net reserves increased by 82 percent to USD 63.6 billion. Swap transactions decreased by 70 percent to USD 22.3 billion.

Budget deficit was around 5 percent: Ratio of budget revenues and budget expenses to gdp was 20 percent and 25 percent, respectively. The ratio of budget deficit to gdp was 4.8 percent.

Türkiye has a low debt ratio: The ratio of debt to gdp in Türkiye is 93 percent. The debt ratio of Türkiye is relatively low as compared to developed and developing economies.

Current account deficit decreased: As imports declined and exports and tourism revenues continued to increase, the current account deficit narrowed rapidly and fell to 10 billion dollars in 2024. The ratio of the current account deficit to gdp decreased by 2.4 percentage points to 0.7 percent. Gold imports decreased by 43 percent.

Portfolio investments by foreign investors increased: The share of portfolio investments in financing the current account deficit increased. Portfolio investments increased by 107 percent to USD 12 billion in 2024.

External debt stock decreased: In 2024, external debt stock increased by USD 25 billion to USD 516 billion. The ratio of the external debt stock to gdp decreased by 4 percentage points to 39 percent.

The real sector's foreign exchange open position increased: The real sector net FX gap increased by USD 67 billion as compared to the end of 2023 and reached USD 137 billion as of the end of 2024.

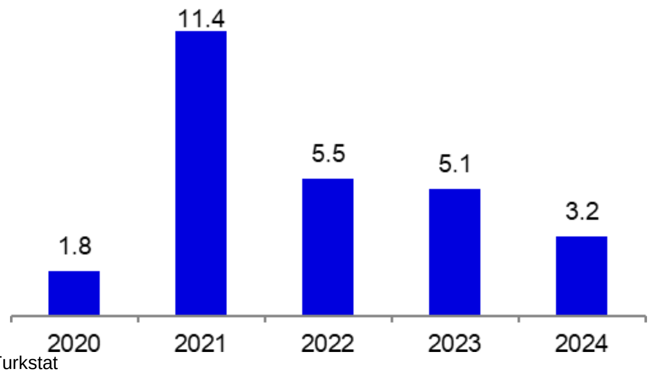
Market value of companies traded at the stock exchange increased: The market value of publicly-traded companies increased by 30 percent to TL 14.8 trillion. The ratio of the market value to gdp decreased by 9 percentage points to 34 percent.

Turkish Economy 2024

Economic growth

Turkish economy grew by 3.2 percent in 2024. Gdp increased by 64 percent to TL 43,410 billion in current prices. Gdp increased by 3.4 percent to USD 1.3 trillion. Gdp per capita increased by 18 percent to USD 15,463 and gdp deflator reached 66 percent.

Gdp (Percentage change in constant price)



Source: Turkstat

The growth was 3 percent in services, 4 percent in agriculture and 9 percent in construction.

Gross Domestic Product

	2022	2023	2024
Growth Rate (percent)			
In current prices	107	77	64
In constant prices	5.5	5.1	3.2
Deflator (percent)	96	68	66
Gdp			
TL billion	15,012	26,545	43,410
USD billion	906	1,130	1,322
Per capita income (USD)	10,620	13,110	15,463

Source: TurkStat

Household expenditure increased by 3.7 percent and public sector expenditure increased by 1.2 percent in real terms. Fixed capital investments increased by 3.9 percent. The share of household expenditure in gdp increased by 0.3 points to 75 percent. The highest contribution to growth came from household consumption with 2.7 percentage points. The contribution of fixed capital investments and net external demand is 1 percentage points and 1.1 percentage points, respectively.

Based on the estimates by T.R. Presidency Strategy and Budget Directorate, the ratio of domestic savings to gdp was 27 percent. The savings ratio decreased by 1.0 percentage point in the public sector and increased by 1.5 percentage points in the private sector. As per the Annual Program, the ratio of public savings gap to gdp was 3.3 percent and the savings surplus of the private sector was 1.8 percent.

Domestic Savings and Savings Balance (As percentage of Gdp)

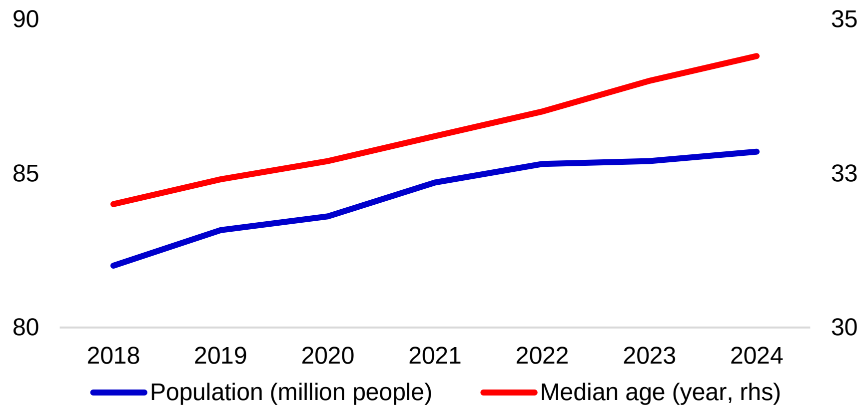
	2022	2023	2024*
Domestic savings	30.0	26.6	27.0
Public	2.0	1.4	0.4
Private	28.0	25.1	26.6
Savings balance	-5.0	-3.4	-1.6
Public	-1.9	-2.6	-3.3
Private	-3.1	-0.8	1.8

Source: SBB * programme.

Demographics

The population was 85.7 million as of 2024. The median age was at 34.4 years. Annual population growth was 0,35 percent. 68.4 percent of the population of Türkiye was at working age.

Population and Median Age



Source: TurkStat

Unemployment rate

Labor supply was 35.7 million, and employment was 32.6 million. Employment increased by 1 million and labor force participation rate increased by 0.9 percent. Number of the unemployed was 3.1 million, and the unemployment rate was 8.7 percent.

Labor Force Indicators

	2022	2023	2024
Labor force(million people)	34,3	34.9	35.7
Employed (million people)	30.7	31.6	32.6
Labor force participation rate (percent)	53.1	53.3	54.2
Unemployment rate (percent)	10.4	9.4	8.7

Source: Turkstat.

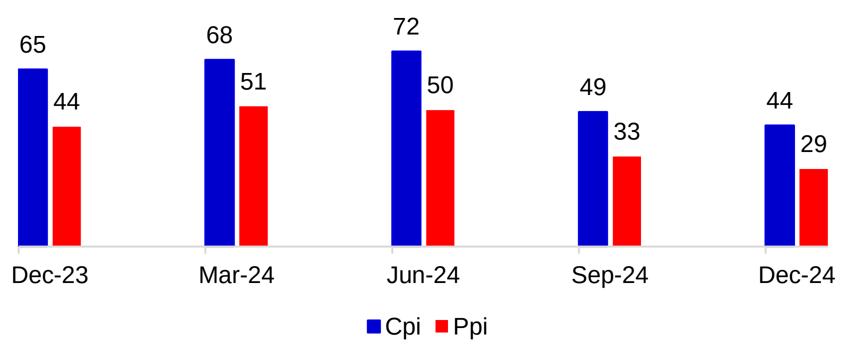
Labor cost

Hourly labor cost increased by 75.6 in 2024. The increase was 81 percent in industry, 70 percent in construction and 74 percent in services and trade.

Inflation

The increases were 44.4 percent in the Consumer Price Index (cpi) and 28.5 percent in the Producer Price Index (ppi). Cpi and ppi increased in the first half and decreased in the second half.

Inflation (Annual percentage change)



Source: Turkstat

Annual average price increase was 60 percent in cpi and 42.2 percent for ppi. The decline in consumer inflation is the result of tight monetary policy, decline in domestic demand and the stability in money markets. The slowdown in the increase in oil and non-oil goods prices had a positive impact.

Interest rates

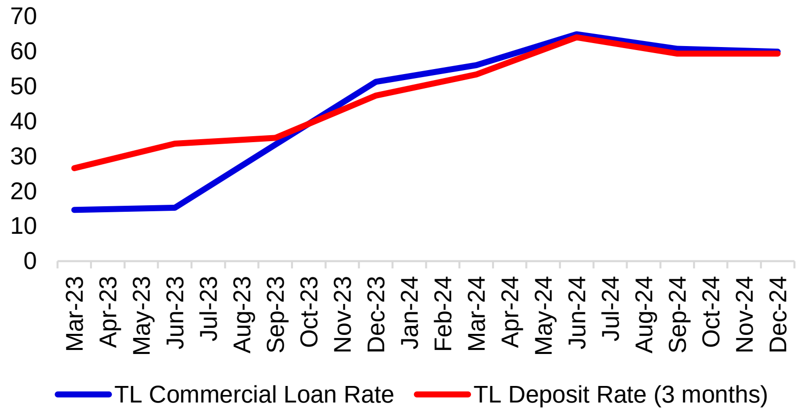
The increase in policy interest rates which started in the second half of 2023 continued in the first quarter 2024. In Q1, policy interest rate was increased by 750 base points to 50 percent. The policy interest rate was kept at this level until the end of the year and decreased to 47.5 percent at the final meeting of the year. Benchmark bond interest rate was around 40 percent in the first half of the year and down to 37 percent as of December 2024.

Interest Rates, Exchange Rates and Inflation

	2023	2024			
	December	March	June	September	December
Interest rate (Compound. period end)					
Weighted ave. cost of CBRT funding	42.5	51,2	51.4	50.0	48.1
Benchmark G. bond	36.5	44.2	39.3	41.2	37.1
Exchange rates (ann. chg.)					
USD/TL	57.2	68.5	27.2	24.5	19.8
EUR/TL	64.4	67.4	24.7	32.0	12.4
Inflation (Cpi, yoy, chg.)	65	68	72	49	44

Source: CBRT, TurkStat.

Average TL commercial loan interest rate increased by 9 percentage points to 60 percent. Consumer loan interest rates reached 70 percent. Average 3-months TL deposit interest rate increased by 12 percentage points to 59 percent.

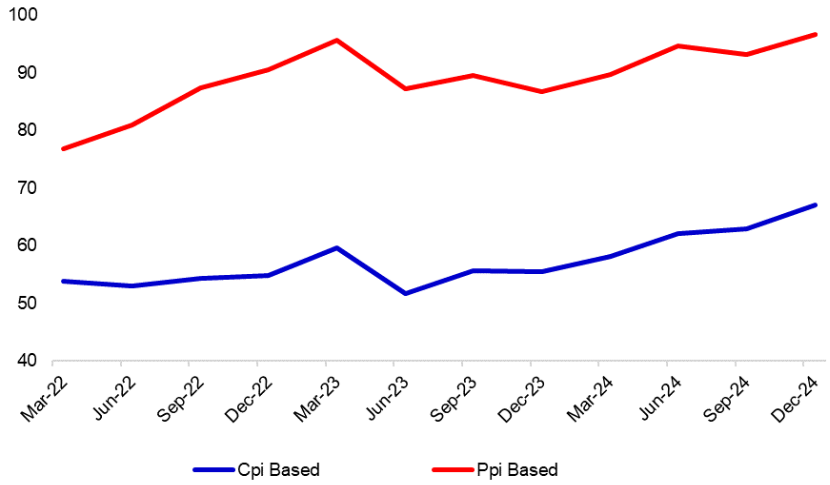


Source: CBRT

Exchange rates

The value of TL contracted by 20 percent against USD and by 12 percent against EUR in 2024. The rate of depreciation of the basket (0.5$+0.5€) was 16 percent. Real Effective Exchange Rate (REER) based on consumer inflation increased by 21 percent to 67 points. Real effective exchange rate based on ppi increased by 11 percent.

Real Effective Exchange Rate (2003=100)



Source: CBRT

Central Bank balance sheet

The Central Bank balance sheet grew by 27 percent. The ratio of the Central Bank's analytic balance sheet to gdp increased by 6 percentage points to 19 percent. The major cause of the growth of the balance sheet is the rapid increase in net external assets.

Net domestic assets and net foreign assets increased by 29 percent and 113 percent, respectively. The growth in the monetary base was 69 percent.

Balance Sheet of the Central Bank (Selected Items, TL billion)

	2023	2024			
	December	March	June	September	December
Net foreign assets	1,081	558	1,355	1,907	2,299
Net domestic assets	1,175	1,882	1,946	1,473	1,513
Open market operations (net)	361	-224	-236	191	251
Monetary base	2,261	2,446	3,309	3,556	4,134
Total Asset	**6,521**	**6,466**	**7,291**	**7,777**	**8,297**

Source: CBRT

While the effect of the loss originating from exchange rate differences decreased in the increase in net domestic assets, the effect of the loss originating from liquidity management increased. The total of both items constituted 24 percent of the analytical balance sheet.

With the increased capital inflow, increased demand for TL and the Central Bank FX transactions; TL liquidity increased in the second half of the year. The excess liquidity within this period was used in monetary market funds. In order to sterilize excess liquidity, CBRT used tools such as higher reserve requirements and TL deposit auctions.

International reserves

Gross international reserves of CBRT increased by USD 14 billion to USD 155 billion. As of the end of the year, FX reserves and gold reserves reached USD 91 billion and USD 64 billion, respectively.

International reserves (USD billion, percentage)

	2023	2024	Change (USD billion)	Perc. change
Gross reserves	141	155	14	10
International Liabilities	106	92	-14	-13
Net reserves	35	64	29	83
Swap operations	72	22	-50	-69
Net reserves excluding swaps	-34	42	77	-

Source: CBRT

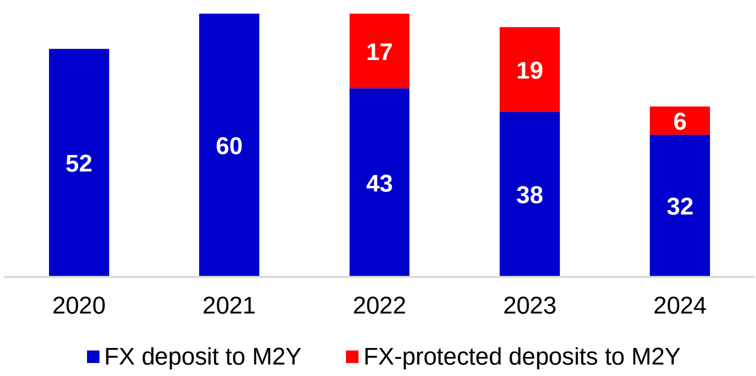
Total FX liabilities of CBRT decreased by USD 14 billion to USD 92 billion. As a result of the increase in gross reserves and the decrease in international liabilities, net reserves increased by USD 29 billion to USD 64 billion. With a decrease of USD 50 billion in swap transactions, net reserves increased by USD 64 billion and net reserves after swap transactions reached USD 133 billion.

Strong TL demand from local and international investors supported the accumulation of reserves. FX-protected deposits decreased by USD 57 billion. As a result of the decline in swap and FX-protected deposits, net reserves increased by USD 135 billion. The ratio of gross reserves to short-term liabilities with a maturity less than 12 months increased to 126 percent.

Money demand and currency substitution

TL demand (FX-protected deposits excluded) increased by 49 percent. M2Y, which includes FX deposits including FX-protected deposits, increased by 28.5 percent. The ratio of money demand (M2) excluding FX-protected deposits to gdp was 27 percent. The ratio of M2Y (including FX-protected and FX deposits) to gdp decreased to 40 percent from 51 percent. The share of FX deposits in M2Y decreased to 32 percent from 38 percent. FX-protected deposits had an impact in this decrease.

Currency substitution (percentage)



Source: CBRT, BRSA

Budget deficit

Budget revenues and expenses increased by 67 and 64 percent, respectively. Interest costs increased by 88 percent. Budget deficit was TL 2.1 trillion.

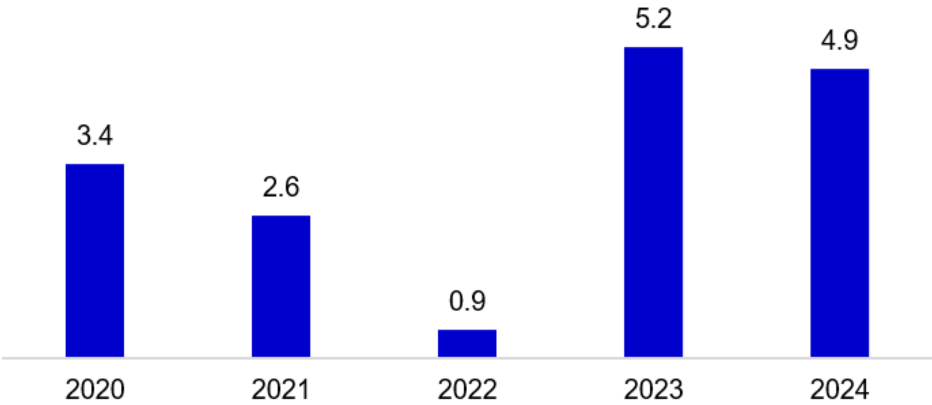
Central Government Budget (2024*)

	TL billion	Perc change.	As perc. of Gdp
Revenues	8,671	67	20.0
Expenditures	10,777	64	24.8
Interest	1,270	88	2.9
Non-interest	9,507	61	21.9
Budget balance	-2,106	-53	-4.9
Primary balance	-836	-18	-1.9
Financing	2,183	217	5.0
External borrowing	120	21	0.3
Domestic borrowing	1,623	88	3.7
Other	440	261	1.0

Source: Ministry of Treasury and Finance * Provisional.

Ratio of total public revenues and expenditures to gdp were 19.5 percent and 24.8 percent, respectively. The ratio of budget deficit to gdp was 4.9 percent. The ratio of expenses resulting from the earthquake to gdp was 2.8 percent.

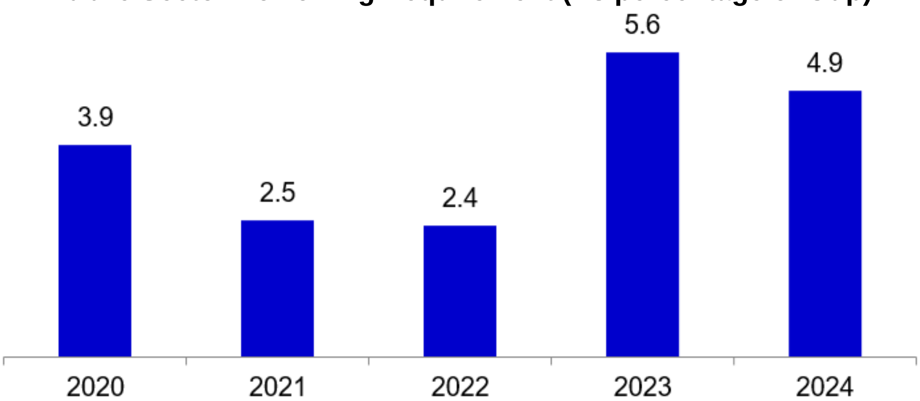
Budget Deficit to Gdp (Percent)



Source: Ministry of Treasury and Finance

Three-quarters of the budget deficit was funded by domestic borrowing. The share of net foreign borrowing in financing remained at 7 percent. The average cost of fixed-rate domestic borrowing in TL was 36.6 percent, and the average term was 47.9 months, down 17.2 months from the previous year.

Public Sector Borrowing Requirement (As percentage of Gdp)



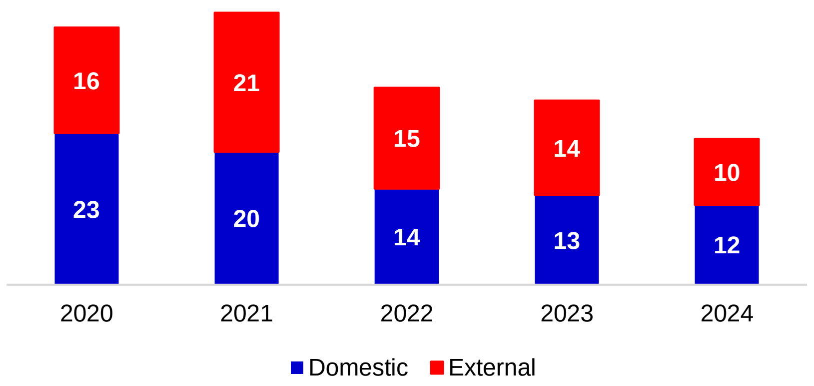
Source: SBB

The ratio of public sector borrowing requirement to gdp is estimated to be at 4.9 percent.

Public debt stock

Total debt stock of the public sector increased by 36 percent in 2024 as compared to 2023 to TL 9,955 billion. Domestic debt stock is 54 percent and its ratio to gdp is 12 percent. The ratio of net public debt stock to gdp is 17 percent.

Public Debt Stock (As percentage of Gdp)



Source: Ministry of Treasury and Finance

44 percent of the debt stock of the central government is in TL and 56 percent is in FX. The share of fixed-interest, variable-interest and cpi-indexed debt is 69 percent, 25 percent and 6 percent, respectively.

The share of domestic debt stock held by banks, non-banks and international investors is 68 percent, 20 percent and 10 percent, respectively. The ratio of the domestic debt stock to bank assets is 19 percent.

The ratio of financial assets to gdp

The ratio of financial assets to gdp was 99 percent. The ratio of FX deposits (including FX-protected deposits) to gdp decreased significantly. The ratio of TL deposits increased by 2 percentage points to 24 percent. The ratio of private securities and public securities was 46 percent and 11 percent, respectively.

Financial Assets (As percentage of Gdp)

	2022	**2023**	**2024**
Money and quasi-money	62	58	47
TL (Fx Protected deposit included)	35	26	29
Fx	27	32	18
Securities	54	56	46
Private	44	45	36
Public	13	12	11
Insurance premium	4	5	6
Total	**120**	**119**	**99**

Source: CBRT. Capital Markets Board, Turkstat

The share of insurance premiums and retirement funds continued to increase and reached 6 percent.

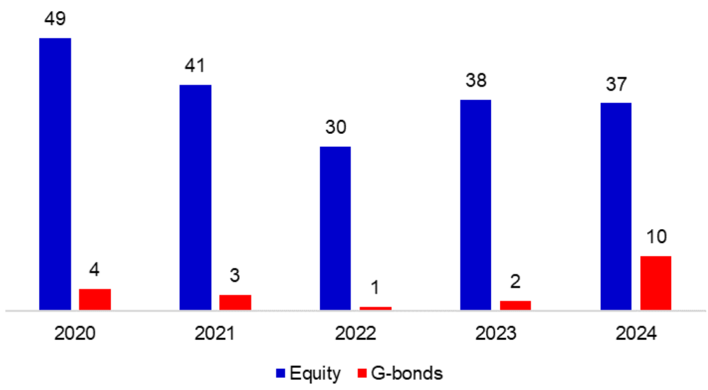
Market value of companies

In 2024, BIST 100 Index increased by 30 percent in TL and by 8.4 percent in USD. The number of investors in the common stock market decreased by 626,000 to 7,000,000 as of October 2024.

The number of companies traded at Borsa İstanbul is 570 as of October 2024. Market value increased by 30 percent to TL 14.8 trillion (USD 419 billion). The ratio of market value to gdp decreased by 9 percentage points to 34 percent.

The ratio of equity and government bonds portfolio of non-residents to gdp was 5.9 percent. The share of these investors in the stock market and government bonds market was 37.3 percent (October 2024) and 10 percent, respectively.

Portfolio Shares of Non-Residents (Percent)



Source: CBRT, CSD

Foreign trade deficit

Foreign trade volume decreased by 2 percent as compared to 2023 to USD 606 billion. The ratio of foreign trade volume to gdp was 46 percent, while the ratio of foreign trade deficit to gdp was 6 percent. The ratio of export to gdp decreased to 20 percent and the ratio of imports to gdp decreased by 6 percentage points to 26 percent.

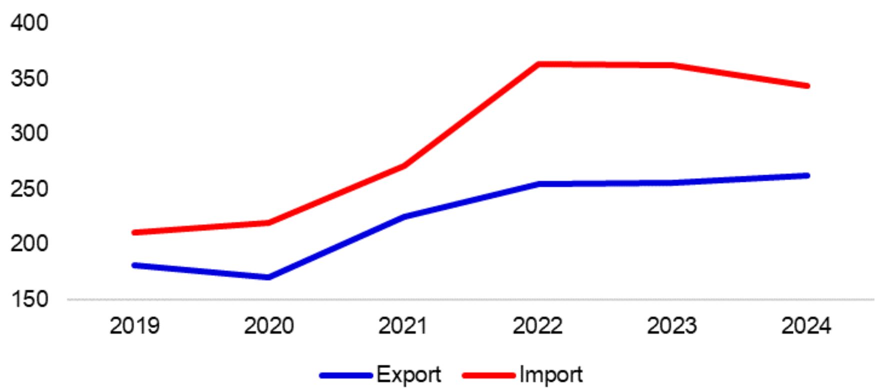
Foreign Trade (USD billion)

	2022	2023	2024
Exports	254	256	262
Imports	364	362	344
Foreign trade deficit	110	106	82
Foreign trade deficit/gdp (percent)	12	9	6

Source: TurkStat

Foreign trade deficit decreased by 23 percent as compared to the previous year to USD 82 billion. Export/import coverage ratio increased by 5 percentage points to 76 percent. Exports increased by 2.4 percent to USD 262 billion. Imports decreased by 5 percent to USD 344 billion.

Foreign Trade (USD Billion)



Source: TurkStat

Capital goods, consumer goods and intermediary goods are 13 percent, 36 percent and 50 percent of the exports, respectively. 94 percent of imports were made by the manufacturing industry. The share of agriculture in imports was 4 percent. The share of mining and others is 2 percent. Capital goods, consumer goods and intermediary goods are 15 percent, 16 percent and 69 percent of the imports, respectively. While 30 percent of imports were made in EUR and 60 percent in USD, 47 percent of exports were made in EUR and 46 percent in USD. The share of foreign trade in TL in total was 5.7 percent.

Foreign Trade by Commodity Groups (2024)

	Export			Import		
	USD Billion	Perc. chg.	Perc. share	USD Billion	Perc. chg.	Perc. share
Capital goods	34	1	13	51	-4	15
Interm. goods	131	1	50	238	-9	69
Cons. goods	94	3	36	54	14	16
Other	3	54	1	1	141	0
Total	**262**	**2**	**100**	**344**	**-5**	**100**

Source: TurkStat

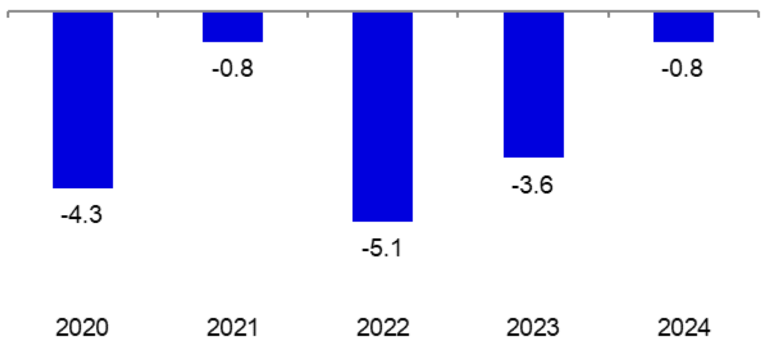
In terms of quantity, exports Exports have been stable in terms of volume and imports have increased by 9 percent. The price index did not change in exports and decreased by 1 percent in imports.

Nonmonetary gold imports decreased by 43 percent to USD 17 billion and gold exports were USD 3.5 billion.

Current account balance

Current account balance had a deficit of USD 10 billion, 0.8 percent of the gdp in 2024. The decline in energy and basic input costs, relative slowdown in domestic demand, the decline in gold imports and the increase in tourism revenues were main contributors to this development. Tourism revenues increased by 12 percent to USD 56 billion.

Current Account Balance to Gdp (Percentage)



Source: CBRT, Turkstat

Net capital inflow was USD 23 billion. Net capital inflow through direct investments was USD 5 billion. Real-estate investments reached USD 2.8 billion. Portfolio investments increased by USD 12 billion.

Capital and Financial Account (USD billion)

	2022	2023	2024
Current account	**-49**	**-40**	**-10**
Financial account (net)	35	51	23
Direct invest. abroad (net)	9	5	5
Portfolio investments (net)	-14	6	12
Other investments (net)	40	39	7
Net errors and omissions	26	-11	-13
General balance	-12	2	-0.5
Official reserves	**12**	**-2**	**0.5**

Source: CBRT

Net inflow through banks, other industries and investments through the Central Bank was USD 7 billion.

There was a capital outflow of USD 13 billion from the net errors and omissions. As a result of these developments, official reserves increased by 0.5 billion USD.

External debt stock

External debt stock increased by USD 25 billion to USD 516 billion. The ratio of external debt stock to gdp was 39 percent. External debt stock increased by USD 15 billion to USD 216 billion in the public sector (except for CBRT) and by USD 21 billion to USD 264 billion in the private sector.

Outstanding External Debt (USD billion)

	2022	2023	2024
Long term	300	315	336
Public	156	167	177
Central Bank	0	0	0
Private	144	148	159
Financial institutions	55	59	66
Non-financial institutions	89	89	93
Short term	148	176	180
Public	29	35	40
Central Bank	33	46	35
Private	87	95	105
Financial institutions	34	35	44
Non-financial institutions	53	60	61
Total	**449**	**491**	**516**

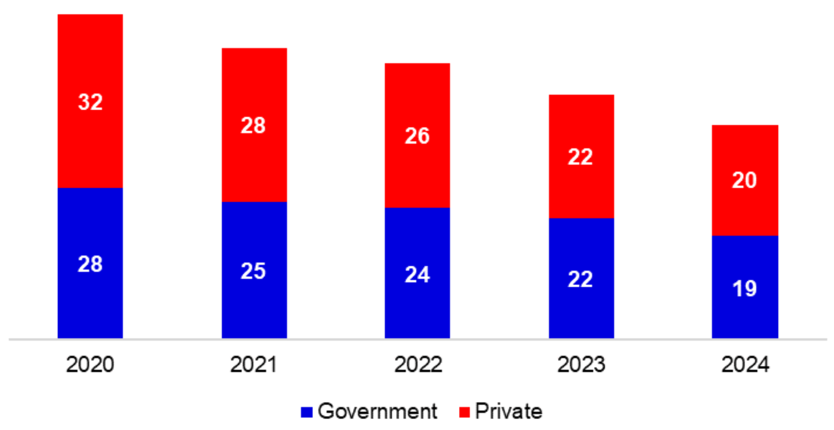
Source: Ministry of Treasury and Finance

The long-term debt stock and short-term debt stock increased by USD 21 billion and 4 billion, respectively, as compared to 2023. The share of short-term debt stock to total debt stock decreased from 36 percent to 35 percent.

The share of public sector (CBRT included) and private sector was 49 percent and 51 percent, respectively. The debt stock of finance institutions and non-finance institutions within the private sector was USD 16 billion and USD 6 billion, respectively. The debt of private financial institutions was USD 109 billion, while that of non-financial private institutions was USD 155 billion.

Official creditors and private creditors held USD 54 billion and USD 138 billion in long-term outstanding external debt, respectively. The largest share in official creditors was international institutions with USD 40 billion. Bonds constituted USD 144 billion of the long-term outstanding external debt.

Outstanding External Debt to Gdp (Percentage)



Source: Ministry of Treasury and Finance

The ratio of long-term debt to gdp increased was 25 percent, and the ratio of short-term debt to gdp was 14 percent.

Real sector FX position

The assets of non-finance companies decreased by USD 17 billion to USD 166 billion and their liabilities increased by USD 50 billion to USD 303 billion in 2024. Net FX deficit of these companies increased to USD 137 billion from USD 70 billion.

FX Assets and Liabilities of Non-Financial Companies (USD billion)

	2022	2023	2024
Assets	175	184	166
Liabilities	251	253	303
FX Position	**-76**	**-70**	**-137**
Short-term assets	153	158	135
Short-term liabilities	82	92	116
Short-term FX position	**70**	**66**	**19**

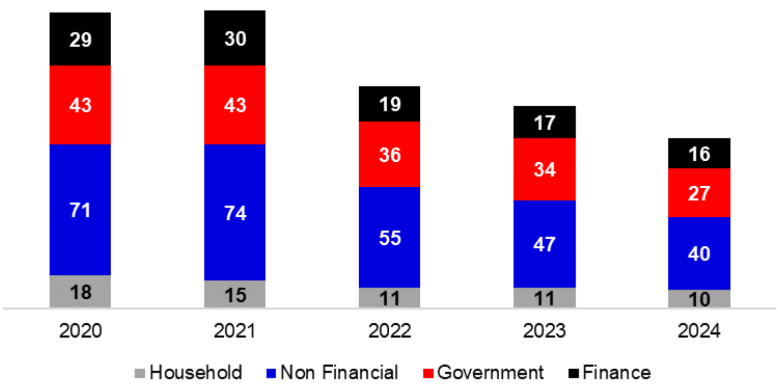
Source: CBRT

Debt ratio

The ratio of debt to gdp in Türkiye was 93 percent. This ratio was 10 percent for households, 40 percent for non-financial companies, and 27 percent for financial institutions.

In Türkiye, this ratio decreased in 2024 and was below the average of that of developed and developing countries. The average of this ratio is 377 in developed economies and 245 in developing economies.

Debt (As percentage of Gdp)



Source: IIF

Medium-Term Program

The Medium-Term Program sets the objectives for basic macro indicators from 2025 to 2027. The Medium-Term Program (MTP) sets the growth objective from 2025 to 2027 as 4.5 percent.

Main Economic Indicators* (Percentage)

	2025	2026	2027
Growth (Perc. change in constant price)	4.0	4.5	5.0
Current account balance to gdp	-2.0	-1.6	-1.3
Cpi	17.5	9.7	7.0
Unemployment rate	9.6	9.2	8.8
Public balance to gdp	3.1	2.8	2.5
Primary balance to gdp	0.0	0.3	0.6

Source: SBB. * Forecast

In order to ensure sustainable growth during the program period, the main objective was determined as gradually reducing inflation to single-digit levels and increasing productivity-based production and employment through structural reforms. During this period, it is aimed to strengthen supply-side growth dynamics while ensuring that demand conditions have a reducing effect on inflation.

The Program estimates inflation as 17.5 percent in 2025, 9.7 percent in 2026 and 7 percent in 2027.

The current account deficit to gdp ratio is expected to decrease throughout the Programme period and will be 1.3% in 2027.

Banking Sector Overview[1]

Banking Outlook

The banking sector has been closely monitoring global economic developments. Potential effects of the developments on our country and the financial sector are assessed precisely. High-priority items of the agenda include increasing global trend of protectionism, sanctions, high-rate tariffs, regulations and practices to drive transformation to decrease climate and environmental risks. Technological innovation, client demands and efficiency principles are reflected to business processes related with products, services and payment systems. The banking sector is highly sensitive to issues regarding the management of climate and environment risks. The sector is making efforts to ensure compliance with an international set of rules and reporting methods and guide the clients in green transformation.

The banking sector supports the Medium-Term Program aimed at ensuring macroeconomic stability. Conformance of the outcome with the Program's objectives supports and contributes to the activity environment, increase predictability and improve expectations.

The banks have pursued to accurately analyze economic policies and inform their clients through direct communication and constructive cooperation with policymakers. The sector has acted with caution in an environment of uncertainty and high risk due to external factors. The growth of the balance sheet slowed down and its ratio to gdp decreased. Quality of assets and liquidity stayed high. Capital adequacy was close to the global average. Average return on equity was below inflation.

Balance sheet size: The balance sheet size is TL 32.7 trillion (USD 926 billion). The ratio of the balance sheet to gdp decreased by 15 percentage points to 75 percent as compared to 2023.

Loans: Loans reached TL 16 trillion. The ratio of loans to gdp decreased by 7 percentage points to 37 percent. The share of foreign currency (FX) loans among total loans increased by 5 percentage points to 37 percent.

The share of loans in total assets is 49 percent. Share of corporate loans, SME loans and personal loans were 50 percent, 26 percent and 24 percent, respectively.

Commercial loans were spread in a large array based on the industries. The share of the manufacturing sector in total loans increased by 2 percentage points to 32 percent. The shares of agriculture, transportation and construction sectors stayed similar while the shares of energy and commerce sectors increased.

Loan to deposit ratio decreased: The ratio of loans to deposits increased by 5 percentage points to 84 percent. This ratio decreased to 90 percent from 126 percent in TL and increased from 44 percent to 77 percent in FX (FX-protected deposits included).

Non-performing loans: Credit risk remained reasonable. The ratio of non-performing loans to total loans was 1.8 percent. This ratio was 1.4 percent for commercial loans and 2.9 percent for individual loans. Special provisions were allocated for 77 percent of non-performing loans.

Securities portfolio: The ratio of securities portfolio (most of which consists of government debt securities) to total assets is 16 percent.

Deposits: Total deposits reached TL 19 trillion. The ratio of total deposits to gdp increased by 12 percentage points to 44 percent. The ratio of TL deposits (excluding FX-protected deposits and FX-conversion deposits) to gdp increased by 2 percentage points to 26 percent.

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[1] Unless stated otherwise; it is inclusive of deposit, development and investment banks. Data from BRSA were used.

The share of TL in total deposits increased from 42 percent in 2023 to 59 percent in December 2024. 6 percent of total assets is KKM. USD-equivalent of FX deposits (including FX-protected deposits) decreased from USD 292 billion in December 2023 to USD 219 billion in December 2024.

FX-protected deposits: FX-protected deposits reached USD 32 billion as of December 2024.

Average maturity of total deposits was 2.2 months.

Non-deposit funds: Total non-deposit funds were TL 7,347 billion. These were bank loans (48 percent), security issuance (14 percent) and funds from repo transactions (31 percent).

Shareholders' equity: Shareholders' equity increased by 34 percent to TL 2,898 billion (by 13 percent to USD 83 billion).

TL-FX distribution of the balance sheet: The share of TL assets in total assets increased by 2 percentage points to 64 percent while its share in liabilities increased by 4 percentage points to 61 percent.

Capital adequacy: Ratio of legal shareholders' equity to risk-weighted assets and core ratio have been high, 19.7 percent and 15.6 percent respectively.

Liquidity ratio: Liquidity ratio was 152 percent.

Profits: Net profits increased by 9 percent to TL 659 billion.

Profitability: Annual average return on equity decreased from 35 percent to 26 percent and return on assets decreased from 3.2 percent to 2.3 percent. Average return on equity is below inflation.

Interest margin: The ratio of interest margin to average assets decreased by 0.3 percentage points to 3.5 percent as compared to the previous year.

Currency risk: The ratio of net general position to regulatory capital was 1.3 percent. Currency risk was stable.

Foreign assets and liabilities: Total international assets and liabilities of the banking industry are USD 67 billion and USD 169 billion, respectively.

Restructuring: Restructured loans (for deposit, investment and participation banks) reached TL 646 billion as of September 2024. This was 4.8 percent of total loans.

The share of group I loans in total loans was 90 percent and the share of group II loans was 8 percent.

Profit distribution: The share of profits distributed by the banks in 2023 was 7 percent for all banks and 7.3 percent for top-10 banks. Profit distribution has been bank-based as per the principles set forth by the Banking Regulation and Supervision Agency (BRSA).

Market value of banks: The market value of banking sector's stocks traded at Borsa Istanbul increased from USD 40 billion to USD 56 billion. The ratio of market value of banking sector's stocks to total market value was 14 percent. The rate of market value to book value increased from 1.1 to 1.4.

Share of banking groups: The shares of deposit banks, development and investment banks and participation banks in total assets were 86 percent, 6 percent and 8 percent, respectively. State-owned deposit banks had a market share of 38 percent. The shares of private deposit banks and deposit banks owned by non-residents were 28 percent and 20 percent, respectively.

Share of top five and top ten banks: As of September 2024, share of top-5 and top-10 in total assets were 61 percent and 89 percent, respectively.

Policies Implemented by CBRT

The Central Bank of the Republic of Türkiye (CBRT) increased the policy rate to 50 percent in 2024 Q1 due to inflationary pressure and maintained it until November. Following consecutive reductions of 250 percentage points, the policy rate was 42.5 percent as of December 2024. CBRT continued to implement macroprudential measures in addition to the policy rate.

Increasing the Share of TL Assets and FX-Protected Deposits

CBRT took steps to increase the share of TL deposits and implemented an exit strategy for FX-protected deposits. In this sense, TL deposit share target for legal persons and the support for FX and TL deposits of legal persons with FX liabilities were abolished. The target for renewal of FX-protected deposits was gradually decreased. The ratio of minimum interest rate for FX-protected deposits to policy rate was decreased and interest payments to required reserves for FX-protected deposits was canceled for new and renewed FX-protected deposits. Long-term new FX-protected deposits or renewals are not allowed.

In addition to CBRT regulations on FX-protected deposits, Ministry of Treasury and Finance made tax regulations on FX-protected deposits.

FX-protected deposits were 18 percent (TL 2.6 trillion, USD 89 billion) as of the end of 2023. They were down to 4 percent (TL 825 billion, USD 23 billion) as of the end of February 2025.

Required Reserves and Liquidity Regulations

CBRT managed the increase in TL liquidity through required reserves (RR), repo auctions, TL Swap for foreign exchange and gold. In this sense, RR rates for short-term TL deposits were increased while rate of RR for FX deposits was decreased. RR rates were also increased for funds provided by banks through international TL repo transactions up to 1-year maturity, international loans and international bank deposit provisions. The requirement for additional regulatory reserves based on the leverage ratio was abolished by CBRT.

While the CBRT sterilizes excess liquidity in the market mainly through overnight deposit purchase auctions, in addition to these transactions, it also organizes weekly and monthly deposit purchase auctions and TL swap auctions for FX/gold.

Credit Growth Limitations

CBRT introduced a credit growth-based RR in 2024 and applied a growth limitations to both TL and FX loans. In other words, it was decided to block the TL required reserve for the amount of the loan exceeding the growth limitations. The growth limitation for TL commercial loans (2 percent) was customized for SMEs (2.5 percent) and other commercial loans (1.5 percent). In addition, TL loans provided to SMEs within the scope of sustainability with SME Development Organization of Turkiye (KOSGEB) support or resources provided by international development finance institutions were exempted from the growth limit.

A credit growth limit was also introduced based on the increase in fx loans. The growth limit for fx loans was updated to 1.5 percent, 1 percent and finally 0.5 percent, respectively.

Other Regulations

Security discount rates applicable for Open Market, Interbank Money Market and fx Market transactions have been reduced from 80 percent to 30 percent in CPI-indexed government domestic debt securities and lease certificates.

The daily limit for rediscount loans for exports and FX-earnings was increased and the net-exporter condition was replaced with an exporter score regarding the use of these loans. The minimum rate of sale of export fees to CBRT was reduced to 30 percent from 40 percent.

Banking Sector 2024

General Information

Number of banks

The number of banks in operation was 67 as of December 2024. 37 of them were deposit banks, and 20 were development and investment banks. There were 4 state-owned deposit banks and 11 private deposit banks. There were 9 participation banks in Turkiye.[1]

Number of Banks

	2022	2023	2024
Deposit banks	**35**	**34**	**37**
State-owned	3	3	4
Private	8	9	11
Foreign	21	21	22
SDIF	3	1	1
Develop. and invest. Banks	**17**	**20**	**20**
Participation banks	**6**	**9**	**9**
Total	**58**	**63**	**67**

Source: BAT, BRSA

The number of deposit banks in which non-residents have a share of 51 percent or more is 22.

Three of the development and investment banks are state-owned and 14 are private. 3 banks are owned by non-residents.

The main shareholders of the 31 banks owned by non-residents are located in a total of 21 countries. The regions are distributed as Middle East and North Africa (8 countries, 11 banks), Europe (6 countries, 9 banks), Asia (6 countries, 7 banks) and USA (3 banks). In addition, the main shareholders of one bank are international institutions.

Number of Employees

The number of employees increased by 0.5 percent to 209,000 as compared to the previous year. 87 percent of the employees were employed by deposit banks, 3 percent by development and investment banks, and 10 percent by participation banks.

Number of Employees (Thousand)

	2023	2024	Perc. change
Deposit banks	**183**	**181**	**-1**
State-owned	66	66	0
Private	65	63	-3
Foreign	52	52	1
SDIF	0.3	0.2	-0.3
Develop. and invest. Banks	**6**	**7**	**17**
Participation banks	**20**	**21**	**5**
Total	**208**	**209**	**0**

Source: BAT, BRSA

The shares of employees in the banking industry have been broken down as follows: 31 percent in state owned deposit banks, 30 percent in private deposit banks and 25 percent in foreign-capital banks.

The ratio of female employees in the banking sector was 51 percent. The ratio of female executives in top management was 20 percent.

[1] Detailed information on participation banks is available at www.bddk.org.tr and www.tkbb.org.tr.

Number of branches

Number of branches declined by 116 to 10,883. The decrease in the number of branches is associated with private and foreign-owned deposit banks.

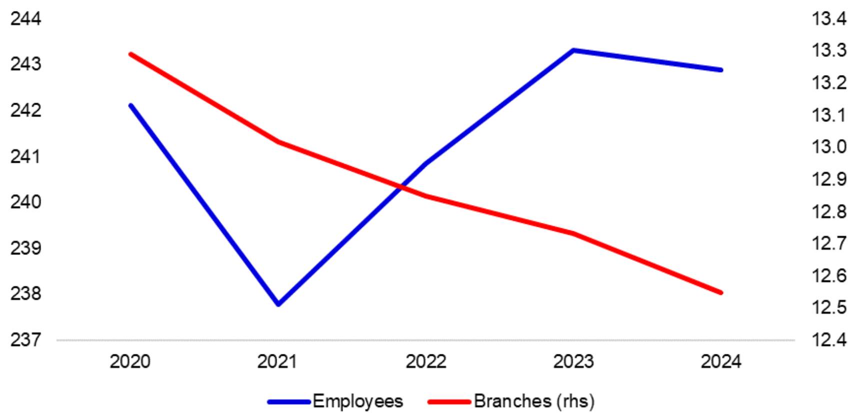
Number of Branches*

	2023	2024	change
Deposit banks	**9.421**	**9.245**	**-176**
State-owned	3.791	3.835	44
Private	3.415	3.316	-99
Foreign	2.214	2.093	-121
SDIF	1	1	0
Develop. and invest. Banks	**69**	**76**	**7**
Participation banks	**1.459**	**1.512**	**53**
Total	**10.949**	**10.833**	**-116**

* Including branches in the Turkish Republic of Northern Cyprus and branches abroad.
Source: BAT, BRSA

The number of branches decreased by 99 in private deposit banks and 121 in foreign-owned banks while it increased by 44 in state-owned deposit banks, 7 in development and investment banks and 5 in participation banks.

Number of Branches and Employees per 100,000



Source: BAT, TurkStat

In 2024, the number of employees and number of branches per 100,000 people were 243 and 12.5, respectively.

Concentration

As of September 2024, the share of assets of top-5 banks was 61 percent. The share of top-5 banks in assets and deposits did not change while the share in loans decreased by 1 percentage point.

Concentration in Banking Sector (Percentage)

	2005	2023	Sep-24
Largest five*			
Assets	63	61	61
Deposits	66	69	69
Loans	56	61	60
Largest ten*			
Assets	83	89	89
Deposits	89	95	96
Loans	80	88	89

* In terms of total assets., Source: BAT

The share of the first ten banks in total assets remained unchanged at 89 percent. The share of top-10 banks in total deposits increased by 1 percentage point to 96 percent. Top-5 banks include 3 state-owned banks, 1 private bank and 1 foreign-owned bank while top-10 banks include 3 state-owned banks, 4 private banks and 3 foreign-owned banks.

The Number of Banks by Asset Size* (Sep 24)

USD billion	0-2	2-10	10-40	40-80	80-100	100+
Deposit	**13**	**10**	**3**	**3**	**2**	**2**
State-owned	-	-	-	-	1	2
Private	2	3	1	2	1	-
Foreign	11	7	2	1	-	-
Fund	**1**	**-**	**-**	**-**	**-**	**-**
Dev. Inv.	**14**	**5**	**1**	**-**	**-**	**-**
Total	**27**	**15**	**4**	**3**	**2**	**2**

Source: BAT *: The data of a bank that has obtained an operating license but has not started operating is not included.

The number of banks with an asset size exceeded USD 100 billion is 2, and 2 banks are in the range of USD 80 billion - 100 billion. 3 banks are in USD 40-80 billion range and asset size of 42 banks is lower than USD 10 billion.

Sector shares

The share of assets of deposit banks was 86 percent, while the shares of development and investment banks and participation banks were 6 percent and 8 percent, respectively. The shares of state-owned deposit banks, private deposit banks and foreign-owned deposit banks are 38 percent, 28 percent and 20 percent, respectively.

Market Shares of Groups (2024, Percentage)

	Assets	Loans	Deposits
Deposit	**86**	**86**	**91**
State-owned	38	37	43
Private	28	28	28
Foreign	20	21	20
Fund	**6**	**7**	**0**
Dev. Inv.	**8**	**7**	**9***
Total	**100**	**100**	**100**

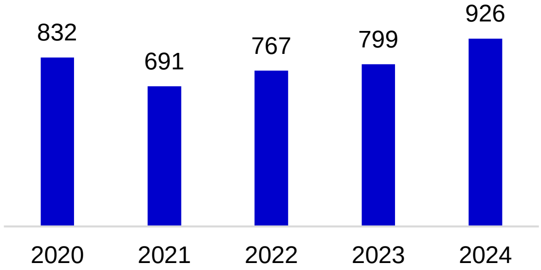
Source: BRSA

Balance sheet

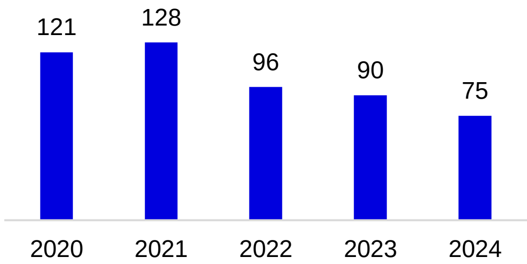
Balance sheet size

Total assets increased by 39 percent to TL 32.6 trillion. Total assets increased by 16 percent to USD 926 billion. The ratio of total assets to gdp decreased by 14 points to 75 percent.

Total Assets (TL billion)



Total Assets (percentage of gdp)



Source: BRSA

The growth rate of total assets was 40 percent in deposit banks, 42 percent in state-owned banks, 39 percent in private banks and 37 percent in foreign banks. The rate of growth in assets was 40 percent in development and investment banks and 30 percent in participation banks.

Balance sheet structure

49 percent of assets were loans while 16 percent were securities. The share of liquid assets is 21 percent. The shares of affiliates and fixed assets were 2 percent and 1 percent, respectively. The ratio of interest revenue discounts to total assets was 7 percent.

58 percent of the resources were deposits while 22 percent were non-deposit funds. The shares of shareholders' equity and other liabilities are 9 percent and 9 percent, respectively.

Selected Balance Sheet Items (2024)

				Share (perc.)	
	TL billion	**USD billion**	**Perc. change (TL)**	**2023**	**2024**
Liquid assets	6,740	191	37	21	21
Securities	5,226	148	32	17	16
Loans	16,052	455	37	50	49
Total Assets	**32,657**	**926**	**39**	**100**	**100**
Deposits	18,903	536	27	63	58
Non-deposits	7,347	208	79	17	22
Shareholder's equity	2,898	82	37	9	9
Total liabilities	**32,657**	**926**	**39**	**100**	**100**

Source: BRSA

TL - FX distribution of the balance sheet

TL assets and liabilities increased by 43 percent and 50 percent, respectively. TL allowances of FX assets and fx liabilities increased by 32 percent and 24 percent, respectively. fx assets and liabilities increased by 10 percent and 3 percent (in USD) as compared to the previous year, respectively.

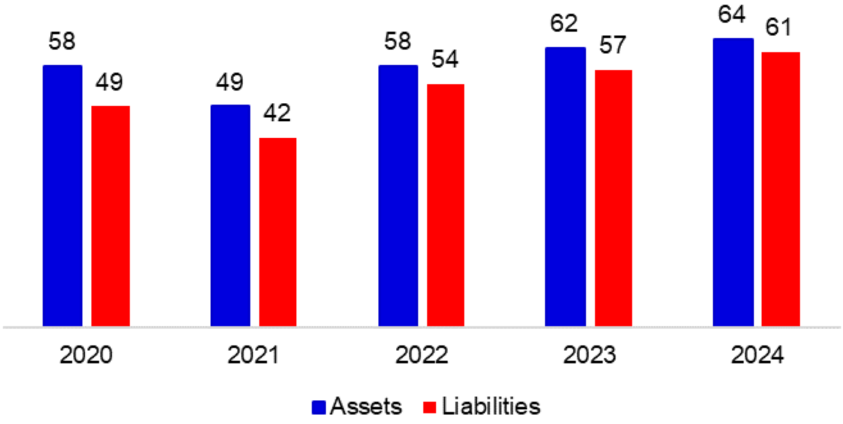
Selected Fx Balance Sheet Items (USD billion)

	2023	**2024**	**Perc. change**
Liquid assets	103	98	-5
Banks	20	22	10
Required reserves	48	44	-8
Securities	60	56	-7
Loans	129	167	29
Total Assets	**307**	**338**	**10**
Deposits	292	219	-25
Central bank	2	2	0
Banks	73	82	12
Repos	19	25	32
Securities Issued	18	28	56
Subordinated Debt	13	16	23
Total Liabilities	**347**	**358**	**3**

Source: BRSA

The share of TL assets in the balance sheet increased by 2 percentage points to 64 percent and the share of TL liabilities increased by 4 percentage points to 61 percent. In 2024; FX deposits decreased by USD 31 billion and fx liquid assets decreased by 15 billion while FX non-deposit funds increased by USD 35 billion.

The Share of TL Items in Balance Sheet (Percentage)



Source: BRSA

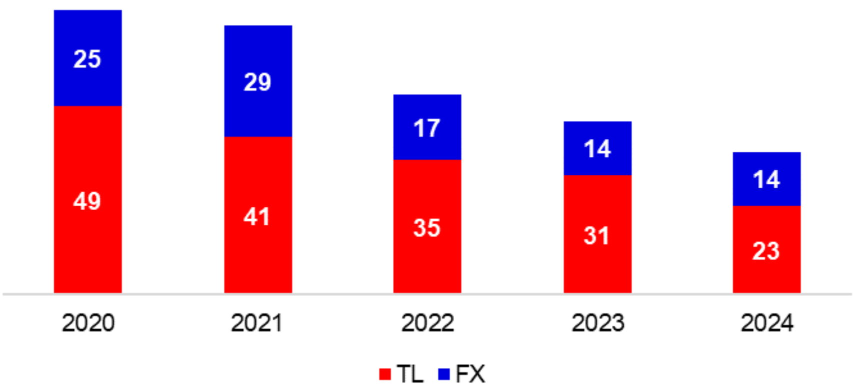
The share of TL assets in total assets was 65 percent in foreign-owned banks, 65 percent in state-owned banks and 66 percent in private banks.

Similar differences exist in the distribution of resources. The share of TL liabilities in total liabilities was 64 percent in state-owned banks, 62 percent in private and foreign-owned banks.

Loans

Loans increased by 37 percent to TL 16 trillion (USD 455 billion). TL loans increased by 28 percent and FX loans increased by 30 percent in USD.

Total loans to gdp (Non-performing loans included, percentage)



Source: BRSA, TurkStat

The ratio of loans used by large-scale enterprises to gdp was 18 percent while the share of SMEs and individuals are 10 percent and 9 percent, respectively. The ratio of corporate loans, SME loans and consumer loans to gdp decreased by 6, 2 and 1 percentage points, respectively.

64 percent of loans were in TL and 36 percent were in fx.

TL commercial and individual loans increased by 20 percent and 43 percent, respectively. TL loans used by SMEs and large-scale enterprises increased by 25 percent and 15 percent, respectively. FX loans increased on USD basis by 28 percent and 42 percent for large enterprises and SMEs, respectively.

Distribution of loans

Share of corporate loans for large companies, SMEs and retail loans were 50 percent, 26 percent and 24 percent, respectively.

Loans by Sectors (TL billion)

	2024	Perc. Change	Perc. Share	As of gdp
Corporates	**12,094**	**35**	**76**	**28**
Big companies	7,930	37	**50**	**18**
SME	4,164	31	**26**	**10**
Retail	**3,807**	43	**24**	**9**
Credit cards	1,795	55	**11**	**4**
Housing	511	17	**3**	**1**
Automobile	76	-21	**1**	**0**
Consumer	1,425	45	**9**	**3**
Total	**15,901**	**37**	**100**	**37**

Source: BRSA

32 percent of corporate loans were used by the manufacturing industry. The share of the manufacturing industry increased by 6 points in the last five years. The trade industry was at the second rank by 16 percent. The shares of construction, real-estate and energy industries were 9 percent, 7 percent and 6 percent, respectively. The share of transportation, storage and communication industry was 7 percent. The shares of agriculture and tourism industries were 7 percent and 4 percent, respectively.

Total risk amount in project financing loans increased by 8 percent to TL 1,623 billion (USD 46 billion). Energy and infrastructure loans have the highest share by 35 percent. The project loans were used in real-estate and other areas by 11 and 18 percent, respectively.

Project Financing (TL billion)

	2023	2024	Perc. Change
Total Risk	**1,499**	**1,623**	**8**
Cash	**1,370**	**1,507**	**10**
Infrastructure	531	554	4
Energy	469	498	6
Commercial real estate	156	177	13
Other	215	279	30
Non-cash	129	115	-11
Total commitments	**2,378**	**2,861**	**20**

Source: BAT

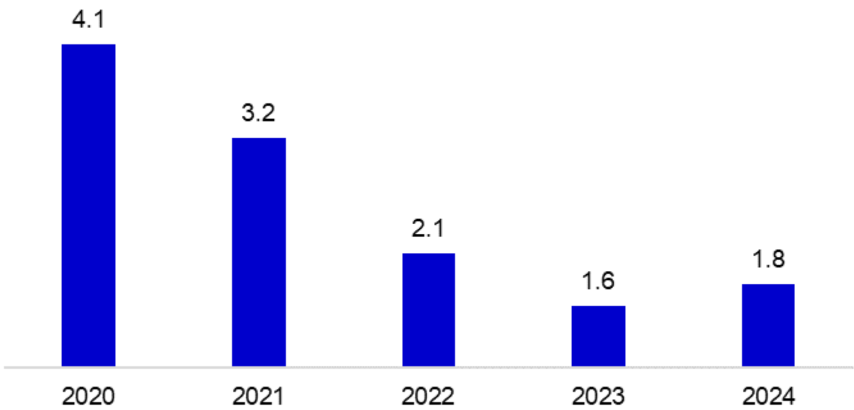
Based on data provided by BRSA, the number of SMEs which used loans (unsingularised) was approximately 6 million. 30 percent of SME loans were used by micro enterprises and 40 percent were used by medium-sized enterprises. Average size of an SME loan increased by 33 percent to TL 940,000.

Based on data provided by the Risk Center, the number of individuals who used consumer loans (singularised) was approximately 41.8 million. The shares of mortgages, consumer loans, credit cards, credit accounts and vehicle loans were 13 percent, 26 percent, 48 percent, 11 percent and 2 percent, respectively. As of December 2024, average consumer loan risk per person increased by 38 percent to TL 95,000 as compared to December 2023. Per capita credit card risk, consumer loan risk and mortgage risk were TL 49,000, TL 87,000 and TL 284,000, respectively.

Loan risk

Non-performing loans increased by 153 percent to TL 294 billion. The ratio of non-performing loans (before provisions) to total loans was at 1.8 percent.

Non-performing Loans/Total Loans (before provisions, perc.)



Source: BRSA

This ratio was 1.4 percent for commercial loans and 2.9 percent for individual loans. The ratio of non-performing loans in credit cards was 2.9 percent, while that of in SME loans was 2 percent. By sectors, the ratio of non-performing loans to total loans was 3.8 percent in the construction sector, 1.6 percent in the trade sector, 2.9 percent in the energy sector, 1.3 percent in the mining sector and 1 percent in the manufacturing sector.

Special provisions increased by 43 percent to TL 225 billion as compared to the previous year. The ratio of special provisions to non-performing loans decreased by 5 percentage points to 77 percent.

Non-Performing Loans* to Total Loans (Percentage)

	2022	2023	2024
Corporates	**2.2**	**1.6**	**1.4**
Big companies	1.8	1.5	1.2
SME	2.8	1.8	2
Retail	**1.9**	**1.6**	**2.9**
Credit cards	1.6	1.3	2.9
Housing	0.2	0.1	0.1
Automobile	0.2	0.1	0.3
Consumer	3.1	2.9	3.9
Total	**2.1**	**1.6**	**1.8**

Source: BRSA *Before special provisions

Group I loans at deposit, development and investment banks stood at 90 percent of total loans with TL 13.4 trillion as of September 2024. Group II loans were TL 1.2 trillion. 24 percent of group II loans were reserved as general provisions.

Restructured loans stood at TL 646 billion. 94 percent of this amount are group II loans.

Loans extended by non-bank financial institutions

BAT Risk Center Report indicates that loans extended by non-bank financial institutions in Türkiye as of December 2024 stood at TL 602 billion. The amounts of the cash loans extended by leasing companies, financing companies and factoring companies were TL 234 billion, TL 180 billion and TL 188 billion, respectively. The ratio of loans extended by non-bank financial institutions to gdp was 1.4 percent.

Non-Bank Financial Institution Loans (2024)

	Cash Loans* (TL Billion)	As of gdp (perc.)
Leasing	234	0.5
Financing Company	180	0.4
Factoring	188	0.4
Total	**602**	**1.4**

* Loans extended to real and legal persons abroad by domestic banks were included.
Source: BAT Risk Center Report

Liquidated receivables at those institutions as of the end of 2024 were at TL 20 billion. The ratio of liquidated receivables to total loans was 3.3 percent.

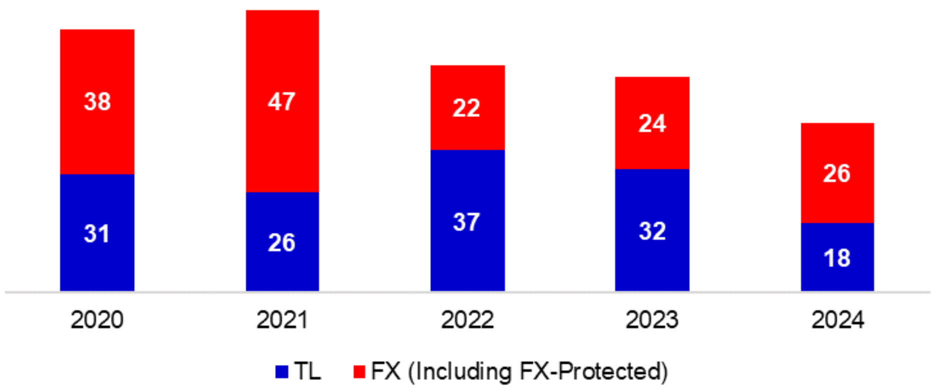
Deposits

Total deposits increased by 28 percent to TL 18.9 trillion (USD 536 billion). 58 percent of assets were financed by deposits. The ratio of deposits to gdp was 44 percent.

The share of TL deposits in total deposits stood at 59 percent while the share of FX deposits (FX-protected deposits included) decreased by 17 percentage points to 41 percent. The share of FX-protected deposits in total deposits decreased to 6 percent from 18 percent.

The share of deposits owned by household was 59 percent in total deposits and 35 percent in total assets. Precious metal deposits stood at 8 percent of total deposits by TL 895 billion.

Deposit (As of gdp, percent)

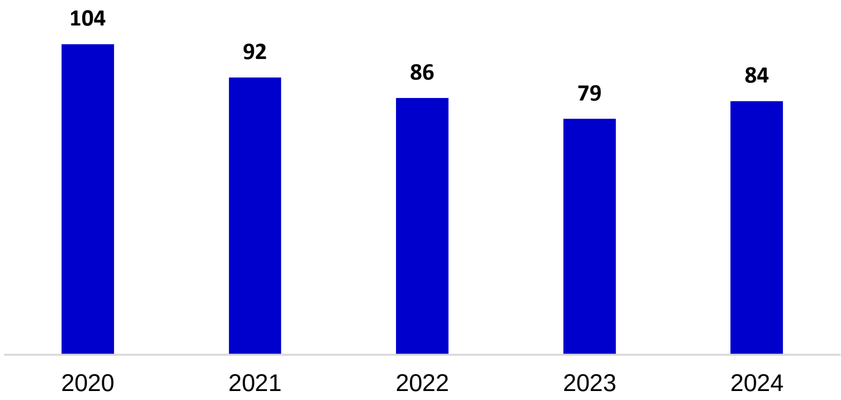


Source: BRSA, TurkStat

Average maturity of total deposits was 2.2 months. This ratio is 3.3 months for TL deposits and 1.4 months for FX deposits.

The loan to deposit ratio was realized at the level of 84 percent. This ratio was 90 percent in TL loans and deposits, and 77 percent in FX loans and deposits.

Loan to Deposit Ratio (percentage)



Source: BRSA

Non-deposit funds

TL non-deposit funds increased by 38 percent while TL equivalent of FX non-deposit funds increased by 22 percent to USD 137 billion. Non-deposit funds accounted for 22 percent of total assets.

Deposits and Non-Deposit Funds (TL billion)

	2023		2024	
	TL	FX	TL	FX
Deposits	**8,897**	**5,955**	**12,307**	**6,596**
Non-Deposit funds	**798**	**3,304**	**2,504**	**4,844**
Central Bank	264	73	359	88
Money market	19	0	9	0
Banks	245	2,139	659	2,876
Repos	176	547	1,362	882
Securities Issued	41	543	51	994

Source: BRSA

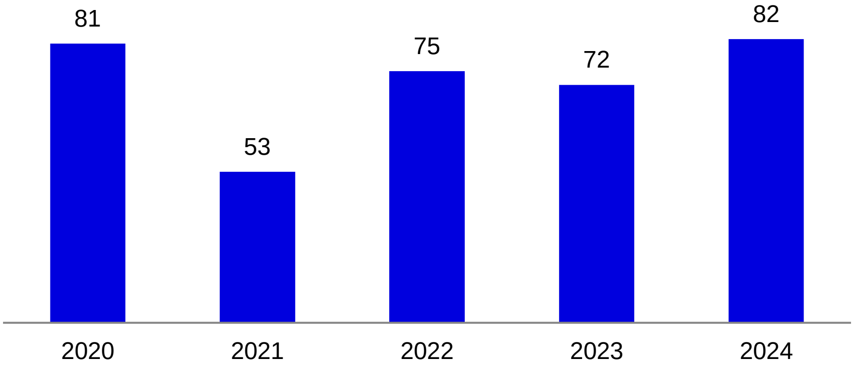
Loans from foreign banks accounted for 48 percent of non-deposit funds. The share of FX funds in non-deposit funds was at 66 percent level.

Lending through repo transactions increased to TL 2,244 billion from TL 723 billion. CBRT collected TL 251 billion of liquidity through open market operations. The increase in repo transactions results from the demand for money market funds. Money market funds reached TL 1.3 trillion. On the other hand, bonds and bills issued by the banks reached TL 1.45 trillion and accounted for 3 percent of the assets.

Shareholders' equity

Shareholders' equity increased by 37 percent to TL 2,898 billion (USD 82 billion). Shareholders' equity consisted of TL 379 billion paid capital, TL 1,513 billion reserves and the remaining from revaluation funds. Free shareholders' equity (shareholders' equity-real assets- delayed receivables after provisions) increased to TL 1,723 billion from TL 1,368 billion; the increase in USD was from USD 46 billion to USD 49 billion. Shareholders' equity financed 9 percent of total assets. The ratio of free shareholders' equity to total assets was 5.3 percent.

Shareholder's Equity (USD billion)



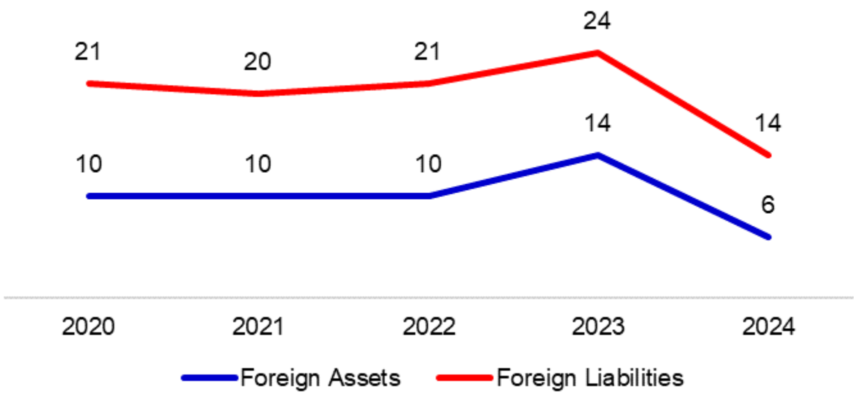
Source: BRSA

Financial Structure Indicators

Openness

Total international assets and liabilities of the banking industry are USD 67 billion and USD 169 billion, respectively. In 2024, foreign assets and foreign liabilities increased by USD 3 billion and 28 billion, respectively.

Financial Openness (As of gdp, percent)



Source: CBRT

The ratio of total foreign assets and liabilities of the banking sector to gdp was 20 percent.

Currency risk

In 2024, the balance sheet FX position had a deficit of TL 711 billion (USD 20 billion) while the off-balance sheet FX position had a surplus of TL 755 billion (USD 21 billion). Net general FX position was USD 1 billion and the ratio to shareholders' equity was 1.3 percent.

FX Position (USD billion)

	2023	2024	Perc. change
Balance sheet Fx position			
Assets	311	341	10
Liabilities	352	361	3
FX position	-41	-20	-51
Off- balance sheet Fx position	**44**	**21**	**-52**
FX position (net)	**3**	**1**	**-**

Source: BRSA

FX debt stock of banks

External debt stock of the banking sector (state-owned and private) as of September 2024 increased to USD 173 billion by USD 25 billion as compared to the end of the previous year. The ratio of external debts of banks to gdp was 13.7 percent.

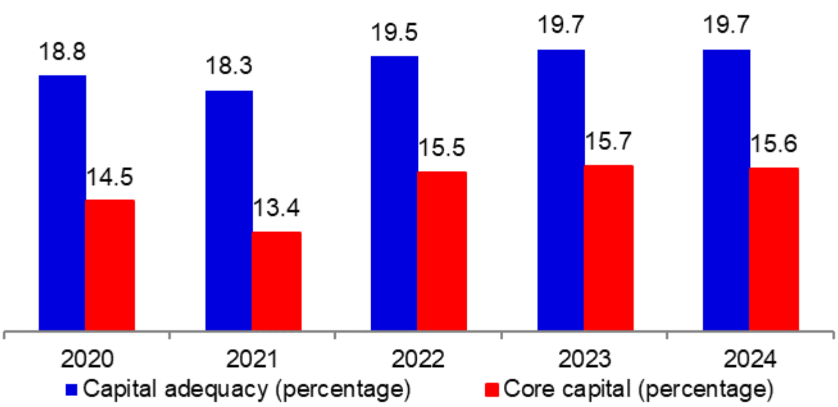
Capital adequacy

The legal capital determined by adding subordinated loans reached TL 3,672 billion. Capital adequacy standard ratio was 19.5 percent. Core capital ratio stood at 15.5 percent.

Capital adequacy ratio was 19.2 percent in deposit banks and 24.7 percent in development and investment banks. This ratio was 21.8 percent in participation banks. The regulatory equity leverage ratio of assets was 8.9 and the core equity leverage ratio was 11.3.

The share of assets with a risk-weight of 100 percent or higher in the total assets was 43 percent.

Capital Adequacy Ratio (Percentage)



Source: BRSA

Off-balance sheet items

Off-balance sheet items grew by 37 percent. Non-cash loans and obligations and liabilities increased by 40 percent and 37 percent, respectively. The share of non-cash loans and liabilities to assets was 19 percent.

Off-Balance Sheet Items

			Perc. change	
	TL billion	**USD billion**	**TL**	**USD**
Off-balance sheet items	**31,713**	**899**	**37**	**15**
Guaranties and warranties	**6,089**	**173**	**40**	**17**
Commitments	**25,624**	**726**	**37**	**14**
Derivatives	14,705	417	17	-2
Other commitments	10,919	309	76	47

Source: BRSA

Income-Expenditure

As a result of the 127 percent increase in interest revenues and 160 percent increase in interest expenses, the increase in net interest income was at 37 percent. The ratio of interest margin to average assets decreased by 0.3 percentage points to 3.5 percent and the ratio of non-interest margin decreased by 1.2 percentage points to 0.7 percent.

Non-interest revenues increased by 20 percent. Non-interest expenditure grew by 65 percent. Net non-interest revenue balance had a surplus of TL 37 billion. The ratio of non-interest margin (extraordinary revenues excluded) to average assets decreased by 1.1 percentage points to 0.5 percent.

Special provisions costs increased by 102 percent to TL 152 billion while general provision costs decreased by 11 percent to 140 billion. Provisions stood at TL 294 billion. The ratio of provisions costs to assets was 1 percent.

The net profit after tax provisions increased by 9 percent to TL 659 billion.

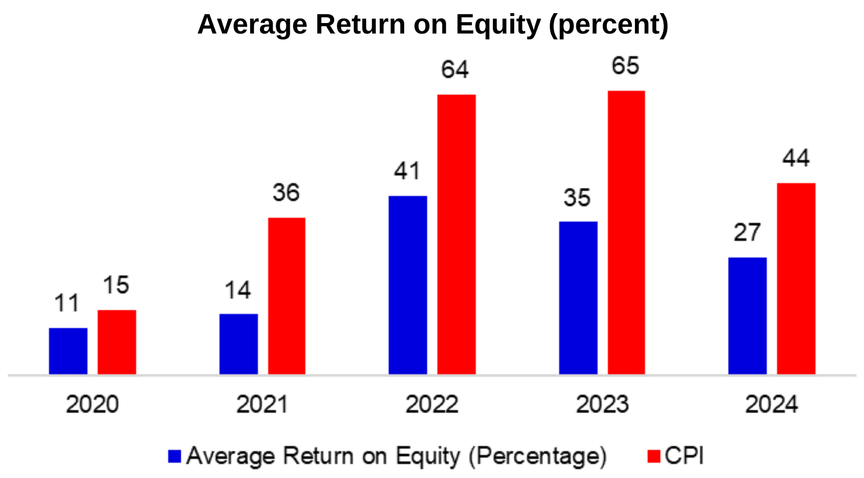
Income Expenses (Billion TL)

	2023	**2024**	**Perc. Change**
Interest income	2,623	5,944	127
Interest expenses	1,905	4,958	160
Net interest income	718	986	37
Non-interest income	821	984	20
Non-interest expenses	506	836	65
Provisions	234	294	26
Special provisions	76	152	102
General provisions	157	140	-11
Profit before tax	756	840	11
Provision for taxes	152	181	19
Net Profit	**604**	**659**	**9**

Source: BRSA

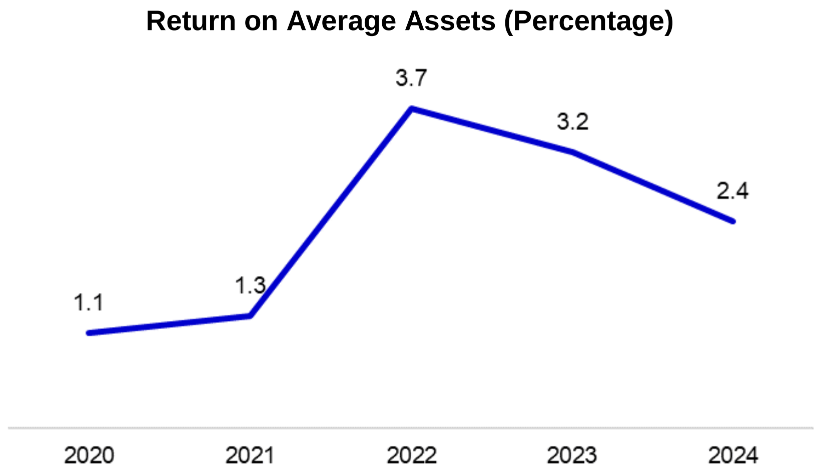
Profitability

Average return on equity decreased by 8 points to 27 percent. This ratio was 20 percent for private banks, 20 percent for state-owned banks, 36 percent for foreign-owned banks, 40 percent for development and investment banks and 35 percent for participation banks.



Source: BRSA

Average return on assets decreased by 0.8 points to 2.4 percent. This ratio was 1.4 percent for state-owned deposit banks, 1.9 percent for private banks and 3.8 percent for banks owned by residents.



Source: BRSA

Alternative Distribution Channels

Card transactions volume

Based on the data provided by the Interbank Card Center (BKM), the volume of transactions by credit cards and debit cards has been TL 14 trillion (USD 400 billion) and TL 6 trillion (USD 176 billion), respectively. The ratio of credit cards and bank cards transactions volume to gdp was 47 percent. Transactions by credit cards increased by 87 percent while transactions by debit cards increased by 56 percent. The number of credit cards exceeded 129 million, and number of debit cards exceeded 194 million. Numbers of POS devices and ATMs were realized as 1.7 million and 54 thousand, respectively.

Selected Indicators*

	2023	2024	Perc. Change
Total credit card (thousand)	117,713	129,388	10
Total debit card (thousand)	189,508	194,442	3
POS (thousand)	2,017	1,741	-14
ATM	52,934	54,475	3
Credit card trans./gdp	29	32	3
Debit card trans. vol. /gdp	18	14	-4

* Used in Türkiye
Source: Interbank Card Center

Digital banking

The number of active users of digital banking transactions (unsingularised) reached 120 million as of December 2024. 96 percent of customers were individual, and 4 percent were corporate. In 2024, the volume of online banking transactions increased by 62 percent to TL 49.4 trillion, while mobile banking increased by 71 percent to TL 127 trillion.

Selected Indicators for Digital Banking

	2023	2024	Perc. Change
Number of active customers (thousand)	**110,588**	**119,160**	**8**
Volume of transactions (TL Billion)			
Internet Banking	30,579	49,421	62
Mobile Banking	74,204	127,118	71

Source: BAT

Remote customer acceptance

Remote customer acceptance in the banking sector started in May 1, 2021. In 2024, 14.5 million applications were made; 7.7 million of these applications were accepted. 1 million clients were accepted through remote application and courier delivery methods during the same period. Number of clients accepted at the branch was 7.8 million and the number of clients acquired through batch processes was 1.1 million. The number of real-person merchant customers (listed since July 2024 through remote application) reached 221,000 as of the end of the year.

International comparisons

The banking sector of Türkiye is at the 12th place among EU countries with an asset size of EUR 722 billion as of 2023. The ratio of assets to gdp was lower than EU average and close to EU developing economies.

The ratio of loans to assets was 53 percent, slightly lower than EU average. The share of deposits in funds was 63 percent, above EU developing economies.

EU and Türkiye, Selected Indicators (2023)

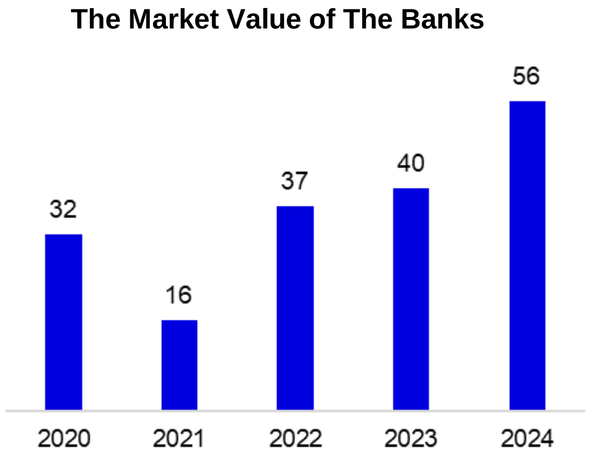
	Unit	EU Average	Türkiye
Asset/gdp	percentage	256	89
Loan/gdp	percentage	157	44
Deposit/gdp	percentage	146	56

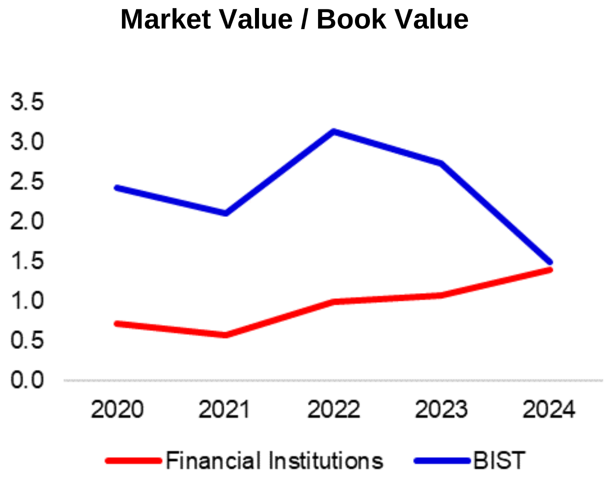
Source: ECB, BRSA

Institutional Structure and Other Information

Market value of financial institutions

Market value of banks (QNB Finansbank excluded) and finance institutions in USD increased by 39 percent compared to the previous year to USD 56 billion.





Source: BIST

The market value/book value of BIST 100 is 1.5. This ratio is 1.4 for banks (QNB Finansbank excluded).

Distribution of financial institutions

The share of the banks in the finance sector by asset size is 73 percent. The shares of portfolio management companies, insurance companies and investment funds are 14, 5 and 3 percent, respectively. The share of other financial institutions is 1 percent or less.

Asset Size of Financial Institutions in Türkiye (September 2024, Billion TL)

Sector	Amount	Share in Total (percent)
Banks	30,519	73.1
Portfolio management companies	5,907	14.2
Insurance companies	2,058	4.9
Pension investment funds	1,126	2.7
Real estate investment trusts	1,044	2.5
Financial leasing companies	322	0.8
Factoring companies	246	0.6
Intermediary institutions	239	0.6
Finance companies	178	0.4
Reassurance companies	57	0.1
Venture capital funds*	0.02	0.0
Asset Management Companies	29	0.1
Securities investment trusts	1.6	0.0
Total	**41,726**	**100**

***Due to the amendments in the Communiquè, starting from 31.12.2013, venture capital investment trusts are no more liable to issue portfolio tables are not under obligation to issue a portfolio statement.**

Financial institutions regulation and supervision structure

Credit institutions are regulated and supervised by the Banking Regulation and Supervision Agency. The Capital Markets Board is responsible for the regulation and supervision of capital markets institutions. The Insurance and Private Pension Regulation and Supervision Authority is responsible for the regulation and supervision of the activities in the insurance sector. The Central Bank oversees and supervises the operation of the payment system and payment companies.

Regulation and Supervision in Financial Sector in Türkiye	
Financial institutions/ transactions	**Regulation and Supervision Authority**
Banks and other credit institutions	Banking Regulation and Supervision Authority
Banks	
Financial leasing companies	
Factoring companies	
Finance companies	
Asset management companies	
Capital market institutions	Capital Market Board
Mutual (investment) funds	
Intermediary institutions	
Real estate investment trusts	
Securities investment trusts	
Portfolio management companies	
Venture capital funds	
Private pension funds	
Insurance companies Reassurance companies	Insurance and Private Pension Regulation and Supervision Agency
Payment systems	The Central Bank of The Republic of Türkiye
Savings insurance system	Saving and Deposits Insurance Fund
Prevention of money laundering and financing of terrorism	Financial Crimes Investigation Board

Risk Center

The Risk Center has 200 members including 63 banks, 49 factoring companies, 20 leasing companies, 23 finance companies, 26 asset management companies, 10 insurance companies offering loan insurance services, Credit Guarantee Fund, Agricultural Cooperative Credit Associations, Borsa İstanbul A.Ş., JCR Avrasya Derecelendirme A.Ş., Birleşik İpotek Finansman A.Ş., Merkezi Kayıt Kuruluşu A.Ş. , T.R. Small and Medium Enterprises Development Organization (KOSGEB), İhracatı Geliştirme A.Ş., Katılım Finans Kefalet A.Ş.

The Risk Center collects information from its members and other providers on clients, loans, loan insurances, checks, bonds, internal assessments, force majeure and credit rating note information, bonds issued by legal persons as per the Capital Markets Board Debt Instruments Communique, finance bonds, issue, finance and lease certificate amount monitored by Merkezi Kayıt Kuruluşu A.Ş. in lease certificate issues, domestic and international derivatives data, bankruptcy and concordatum data, BKM Member Company revenues data, E-YTB data and Board Non-Compliance Data and shares them with members and other legal institutions.

Risk Merkezinin sunduğu hizmetler kapsamında, Ocak- Aralık 2024 döneminde üyeler tarafından;

- bireysel nitelikli kredi ve kredi kartı uygulaması (KRS) kapsamında 1.649,9 milyon adet,
- ticari nitelikli kredi uygulaması (KRM) kapsamında 216,6 milyon adet,
- gerçek ve tüzel kişilere ilişkin özet bilgilerin yer aldığı kredi limit kredi risk (KLKR) uygulaması ve risk raporu uygulaması kapsamında 167,3 milyon adet,
- çek uygulaması kapsamında 157,4 milyon adet,

üye sorgusu gerçekleştirilmiştir.

As a part of the services offered by the Risk Center, in January - December 2024 period, the members inquired;

- 1,649.9 million customers in the course of individual and retail loans and credit cards (KRS),
- 216.6 million customers in the course of commercial loans (KRM),
- 167.3 million customers in the course of loan limit credit risks (KLKR), and risk reports containing brief information about real persons and legal entities,
- 157.4 million customer queries were made under the check application.

Risk Center Milestones

- February 2011: Supplementary Article 1 was added to the Banking Law to ensure that the tasks and functions of the Risk Center operating under the Central Bank of the Republic of Türkiye will be performed by the Banks Association of Türkiye.
- April 2012: The Regulations governing the Banks Association of Türkiye Risk Center were issued.
- June 2012: Risk Center Management held its first meeting.
- June 2012: As per the Banking Law Supplementary Article 1, any data exchange by the Risk Center will be through Kredi Kayıt Bürosu A.Ş. (KKB).
- September 2012: The web page of the Risk Center (www.riskmerkezi.org) was launched.
- January 2013: The "Transfer Protocol" regarding the transfer of data maintained by the Central Bank of the Republic of Türkiye was signed and system operations started.
- May 2013: Data were fully transferred to the Banks Association of Türkiye Risk Center.
- June 2013: The Banks Association of Türkiye Risk Center started its operations. The Risk Center started generating reports for real and legal persons and statistics for public consumption.
- October 2014: The Data Security Policy was drafted and shared with the members.
- January 2015: Annual independent audits regarding the Risk Center and the members started.
- June 2015: Data on personal loans are collected from the members daily rather than monthly to ensure up-to-date information.
- April 2016: Efforts were initiated to ensure that the activities of the Risk Center are in line with the provisions of the Law on Protection of Personal Data.
- July 2016: As per the Bank Checks Law 5941, data on prohibition of issuing checks and opening check accounts are transferred to the Risk Center through the National Judiciary Informatics System (UYAP).
- December 2016: Technical and legal regulations on 2d-code scanning and data sharing were introduced in line with the "Communiqué on Use of 2D-Code on Checks".
- October 2017: Systems were introduced for notification of clients affected by "Force Majeure" situations including natural disasters, terror, curfew, etc.
- August 2018: "Check Prohibition" data were included in public reports.
- March 2019: The Risk Center Report is provided through the e-Government Gateway.
- May 2019: Good Practices Guide regarding the audits on IT systems and business processes of the members of the Risk Center was drafted and shared with the members.
- July 2019: Statistical data publicly shared by the Banks Association of Türkiye and the Banks Association of Türkiye Risk Center were integrated under a single platform and BAT Data System was launched to allow dynamic queries.
- April 2020: The scope of data sharing with the Risk Center member KGF was extended to support the assessment procedure on loans supported by Kredi Garanti Fonu A.Ş. (KGF) due to the epidemic.
- April-May 2020: Individuals unable to pay their debts are notified by the Risk Center members with the force-majeure code due to the curfews resulting from the epidemic.

- May 2020: Data on bonds are collected from the members daily rather than twice a month to ensure up-to-date information.
- June 2020: Statistical reports offered to the members of the Risk Center were integrated under the Data Query System to allow dynamic queries.
- April 2021: Commercial Loans are shared by the Risk Center daily rather than monthly.
- December 2022: The scope of the Monthly Bulletin and Negative Individual Loans Reports publicly shared by the Risk Center were expanded.
- June 2023: The necessary application documents as per the Regulation on Methods and Principles Regarding the Transfer of Data on Clients of the Members of Banks Association of Türkiye at the Risk Center to Them or to Other Real or Legal Persons by Their Approval were amended.
- August 2023: Phone and internet invoice data section of the e-government Risk Report was amended to include the names of companies with payable amounts.
- January 2024: Improvements were made to allow querying of notes with notification dates older than 10 years regarding protested notes, notes with non-payment protests withdrawn and paid notes.
- March 2024: 10-year data accumulation and sharing process was announced regarding the regulation on Personal Data Protection Law (KVKK)
- April 2024: Data on “loans assured by the client” in terms of information available at their risk center were added to the e-government.
- October 2024: TBB Risk Center Report is now offered free of charge through all available channels with up-to-date data.

Regulations Made by the Central Bank of the Republic of Türkiye	
Date	**Regulation**
25-Jan-24	Monetary Policy Committee increased the one-week repo auction interest rate (policy rate) to 45 percent from 42.5 percent.
30-Jan-24	Regulatory reserves for FX-protected deposits up to 6 months was reduced to 25 percent from 30 percent. Regulatory TL reserves for FX deposits/participation funds (deposits/participation funds at international banks and precious metal accounts excluded) were increased from 4 percent to 8 percent.
31-Jan-24	A decision was made that the interest rates for FX-protected time deposit accounts will not be lower than 80 percent of one-week repo auction interest rate specified by the Central Bank.
04-Feb-24	Based on the "Renewal and TL Transition Rates" and "TL Transition Rates" for FX/price-protected accounts; - Interest will be paid to deposit banks for a specified amount of regulatory reserves in TL, - Discounts will be made to investment banks for a specified amount of regulatory reserves.
05-Mar-24	The deadline for changing the FX accounts, FX participation fund accounts and gold accounts held by residents to transformation accounts was extended from November 30, 2023 to January 31, 2024.
05-Mar-24	Regarding the issue of instruments based on credit growth; monthly growth limit was reduced to 2 percent from 2.5 percent for TL commercial loans, decreased to 2 percent from 3 percent for consumer loans, and maintained at 2 percent for vehicle loans.
08-Mar-24	The banks will block provisions for TL commercial loans (exempt loans excluded), consumer loans (overdraft accounts excluded) and vehicle loans which exceed 2 percent credit growth ratio beginning with the accounting period starting on March 29, 2024
13-Mar-24	Under the regulatory reserves rules, 25 percent (for institutions with an asset size exceeding TL 500 billion) and 15 percent (for institutions with an asset size exceeding TL 100 billion) of regulatory reserves for TL liabilities will be blocked.
16-Mar-24	Regarding the commissions; - Monthly growth objectives were introduced for legal person TL shares in addition to real person TL shares - Real person TL share growth objective was revised and the commission in case the objective is not met was increased to 3 percent from 2 percent.
16-Mar-24	The method of calculation of monthly maximum interest applicable to cash advances from credit cards and overdraft accounts were revised. As per the new method, maximum monthly contractual interest rate was increased from 4.42 percent to 5 percent.
16-Mar-24	131 base points added to the monthly reference ratio for the monthly cash advance and payment transactions using credit cards was amended as 189 base points and calculated amounts resulting for such amendment will be announced and implemented from March 16, 2024 to March 31, 2024
06-Apr-24	Under the regulations regarding the installment of securities; the rate of installment of securities was decreased from 4percent to 1percent and the practice of installment of securities based on credit growth was abolished.
25-Apr-24	The upper limit of interest applicable to FX-protected deposits regulatory reserves based on the rate of renewal and conversion to TL was specified as 60 percent, and the upper limit of interest applicable to TL deposit regulatory reserves based on the rate of conversion to TL was specified as 80 percent.
29-Apr-24	Interest rates applicable to required reserves were updated and accumulative discounts for TL required reserves applicable for participation banks over a specified amount of such reserves was abolished and replaced with compensation payments.
09-May-24	Security awarding was abolished.
23-May-24	CBRT increased the regulatory reserves for TL deposit and FX-protected deposits. Regulatory reserves were increased from 8 percent to 12 percent for short-term TL deposits; from 0 percent to 8 percent for long-term TL deposits; from 25 percent to 33 percent for short-term FX-protected deposits and from 10 percent to 22 percent for long-term FX-protected deposits.
23-May-24	The following revisions were made regarding the regulatory reserve interests and commissions: -The objective for transition from FX-protected deposits to TL was maintained and the objective was reduced to 75percent including the renewals. -Legal person FX-protected deposits and real and legal person YUVAM accounts were excluded from total objective calculation applicable as of the following calculating period.

	-The interest rate applicable to FX-protected deposits regulatory reserves if the objective is reached was reduced to 40 percent.
23-May-24	2 percent monthly growth limit was introduced for FX loans and TL reserves will be blocked for one year for loans exceeding the limit.
07-Jun-24	Security FX repo purchase interest rate was decreased from 4 percent to 3.75 percent for Euro for all maturity terms. FX repo sales rates for Euro was decreased from 6 percent to 5.75 percent for 1-week maturity and from 6.50 percent to 6.25 percent for 1-month maturity. The interest rate for any amount exceeding the regulatory reserves for notice FX deposit was decreased from 4.75 percent to 4.5 percent
27-Jun-24	1-week repo auction interest rate was maintained at 50 percent
27-Jun-24	Undue total swap sales in the TL-Based TL Swap Market using the quotation method (spot FX purchase, forward FX sales by CBRT) will be limited to 0.5 percent of the transaction amount as compared to the transaction limits in FX Markets.
28-Jun-24	TL-Based Gold Swap Market transactions using the quotation method was abolished.
30-Jun-24	Corporate tax exemption for FX-protected deposits and participation accounts was abolished.
01-Jul-24	Crypto-currency markets are required to receive permits from the CMB and subject to capital conditions.
03-Jul-24	Capital Markets Board introduced the terms and conditions for crypto services.
18-Jul-24	Regarding the encouragement for transition from FX-protected deposits to TL deposits and shrinking of FX-protected deposits, the lower threshold for interest rates applicable to FX-protected deposits was reduced to 70 percent of the policy interest rate from 80 percent. No payments will be made under the category of “additional revenue” for new and renewed accounts.
19-Jul-24	FX-Based Gold Swap Market transactions using the quotation method was abolished.
23-Jul-24	1-week repo auction interest rate was maintained at 50 percent
25-Jul-24	TL-Based TL Swap Market transactions using the quotation method was abolished
22-Jul-24	To maintain the share of TL loans -Monthly growth limit for FX loans was reduced from 2 percent to 1.5 percent, -Growth limit of 2 percent for TL loans was maintained -The exemption for investment loans was extended to cover the investment loans provided by international development finance institutions (in terms of TL and FX).
01-Aug-24	5 percent - 7.5 percent withholding tax was introduced for FX-protected deposits. Tax advantages for FX-protected deposits were abolished. The withholding tax for FX-protected deposits is 7.5 percent (6 months) or 5 percent (up to 1 year).
29-Aug-24	Upper limit for interest and compensation payment rates for TL deposit account regulatory reserves applied as per the rate of conversion to TL was increased to 84 percent of the policy interest rate.
29-Aug-24	Regarding RR to strengthen monetary transfer mechanisms by CBRT: -Monthly growth objective for banks with a real person TL deposit share of 45 percent to 50 percent was increased to 0.8 percentage points.
29-Aug-24	To strengthen monetary transfer mechanisms by CBRT -Monthly growth objective for banks with a real person TL deposit share exceeding 60 percent was abolished with a condition to maintain the ratio over 60 percent. - Legal person FX-protected deposits was covered by total objective calculation regarding transfer from FX-protected deposits to TL and renewals. -Upper limit for interest rates for TL deposit regulatory reserves applied as per the rate of conversion to TL was increased to 84 percent of the policy interest rate. -Regulatory reserves for TL was increased by 5 percentage points.
02-Sep-24	The amounts in USD, EUR and GBP FX accounts and FX participation fund accounts held by resident real and legal persons will be converted to TL if requested by the account holder.
02-Sep-24	Gold accounts held by resident real (31/8/2024) and legal persons will be converted to TL over the specified conversion rate if requested by the account holder.
21-Sep-24	TL regulatory reserve rates for TL and FX deposit accounts were amended. The rate was increased to 15 percent from 12 percent for short-term TL deposits and from 8 percent to 10 percent for long-term TL deposits. The rate was decreased from 8 percent to 5 percent for FX deposits. The condition of conversion to TL was abolished for regulatory reserves applicable for TL deposits. Maximum commission rate based on the rate of conversion to TL was increased from 5 percent to 8 percent.
08-Oct-24	The daily limit for rediscount loans for exports and FX-earnings was increased to TL 4 billion from TL 3 billion.

01-Oct-24	The withholding tax rate for TL deposit accounts and funds was increased. The withholding tax rate was increased from 7.5 percent to 10percent for 6-month deposit accounts and from 5 percent to 7.5 percent for up to 1-year deposit accounts.
22-Nov-24	The rate of regulatory reserves for TL deposits was increased to 17 percent from 15 percent. TL regulatory reserves for FX deposits was decreased to 4 percent from 5 percent.
22-Nov-24	Legal person TL deposit share objective was abolished.
22-Nov-24	Total objective for transfer of FX-protected deposits to TL and renewals was reduced from 75 percent to 70 percent.
05-Dec-24	Assurance discount rates applicable for Open Market, Interbank Money Market and FX Market transactions at CBRT were reviewed. In this sense, the discount rate for CPI-indexed government debt securities and lease certificates were reduced from 80 percent to 30 percent.
19-Dec-24	The practice of zero regulatory reserves for FX liabilities was extended until December 2025. The temporary clause on FX liabilities subject to regulatory reserves was amended. The practice of zero regulatory reserves for FX liabilities was extended for one year. The condition for being subject to this ratio (monthly due date limit) was extended from 6 months to 1 year.
20-Dec-24	The following steps will be taken to support the decline in FX-protected deposits balance: -Total objective for transfer from FX-protected deposits to TL and renewal was reduced from 70 percent to 60 percent. -Minimum interest rate for FX-protected deposits was reduced to 50 percent of the policy rate from 70 percent of policy rate. -Payment of interest and compensation to required reserves for FX-protected deposits was abolished for new FX-protected deposits.
26-Dec-24	The method of calculation of rediscount loans for exports and FX-earnings was amended to be a certain ratio of the policy interest rate. Within this frame, total interest cost of up-to-date rediscount loans will be 29.93 percent.
26-Dec-24	Monetary Policy Committee increased the one-week repo auction interest rate (policy rate) to 47.5 percent from 50 percent. The Committee also changed the operational framework and decided that the Central Bank’s overnight debt and lending ratio will be -/+ 150 base points as compared to 1-week repo auction rate.

Regulations Made by Banking Regulation and Supervision Agency	
Date	**Regulation**
23-Jan-24	Deposit and investment banks will not be allowed to open overdraft or other accounts or increase the overdraft amount or collect payments from such amounts without provable approval or request from the client. Daily Unit Value Calculation Table used to calculate profits or losses from the operating of participation accounts and annexed to the Regulation was abolished.
16-Mar-24	Loan periods for BRSA vehicle loans extended to purchase vehicles were updated. Loan periods limits were updated: -TL 1,600,000 < 48 months -TL 1,600,000 < TL 3,000,000 => 36 months -TL 3,000,000 < TL 4,000,000 => 24 months -TL 4,000,000 < TL 5,000,000 ==> 12 months. Period limitations based on price were introduced for vehicle loans. Period limitations for electric vehicle loans were extended.
20-Aug-24	Banks as well as leasing, factoring, finance, savings and asset management institutions will be required to adapt inflation accounting as of 1/1/2025.
20-Sep-24	It has been decided to apply the risk weights determined in the Regulation to the calculation of the capital adequacy ratio for individual loans and mortgages.
26-Sep-24	Regarding the restructuring of individual credit cards and consumer loans and changing the credit card minimum payment amount; Individual credit card debts can be restructured with a maximum period of 60 months; the credit card limit allocated to the card holder by the relevant bank will not be increased until 50 percent of the credit card restructuring debt is paid. Consumer loans payment of which are delayed for more than 30 days can be restructured for a maximum period of 60 months if requested by the debtor within 1 year.
27-Sep-24	Credit card minimum payment rates were changed; the limitation for minimum 20 percent payment was increased from TL 25,000 to TL 50,000. The minimum payment rate will be 20 percent for credit cards lower than TL 50,000 and 40 percent for credit cards higher than TL 50,000.
05-Dec-24	The amount of loans and number of installments were diversified for mobile phones which are/are not renewed products. Regarding the consumer loans granted for purchase of mobile phones, maximum payment term is 12 months for phones with a price lower than TL 20,000 and 3 months for phones with a price higher than TL 20,000.
05-Dec-24	It has been decided that banks, financial leasing, factoring, financing, savings financing and asset management companies will not apply inflation accounting in 2025.
20-Dec-24	The risk weight used to calculate capital adequacy for commercial cash loans was decreased from 200 percent. Beginning with May 2022, the risk weight for commercial cash loans was 200 percent at a more prudent rate excluding agriculture loans, SME loans, export and investment loans, loans offered to public institutions and state economic enterprises as well as their ventures, subsidiaries and affiliates, corporate credit cards and loans offered to banks and financial institutions. This decision was abolished with the new regulation and the risk weights in the regulation was reintroduced. In this sense, commercial loans (including those stocked as of the date of resolution) will be subject to a risk weight of 20 percent, 50 percent or 100 percent.
20-Dec-24	FX rates were regulated regarding the calculation of amounts subject to credit risks. CBRT exchange rate dated June 26, 2023 use for calculating the amounts valued as per Turkish Accounting Standards was replaced with the exchange rate dated June 28, 2024.

Other Regulations	
Date	**Regulation**
28-Feb-24	The Communiqué on Amendments to the Communique Regarding Resolution 32 on Protection of the Value of Turkish Currency was issued in the Official Gazette. Accordingly, some of the retroactive liabilities which were required to be in TL can now be met in FX.
01-May-24	A Presidential Decree published in the Official Gazette amended the rate of withholding tax applicable to interest from deposit accounts ending in April 30th. The withholding tax applicable to TL deposits was amended. The withholding tax rate for deposit accounts up to 6 months was increased from 5 percent to 7.5 percent The rate was increased from 3 percent to 5 percent for deposit accounts up to 1 year.
30-Jun-24	Corporate tax exemption for FX-protected deposits and participation accounts was abolished.
01-Aug-24	5 percent - 7.5 percent withholding tax was introduced for FX-protected deposits. Tax advantages for FX-protected deposits were abolished. The withholding tax for FX-protected deposits accounts is 7.5 percent (6 months) or 5 percent (up to 1 year). The same rate of withholding tax is now applicable to gold-based accounts and FX-protected deposits.
01-Oct-24	The withholding tax rate for TL deposit accounts and funds was increased. The withholding tax rate was increased from 7.5 percent to 10 percent for 6-month deposit accounts and from 5 percent to 7.5 percent for up to 1-year deposit accounts.