Research

NOVEMBER 2025

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Türkiye: Quarterly Debt Outlook

Key messages

Households

According to the latest data, households' financial assets to GDP fell to 38.7% in 2Q25 (vs. 39.6% in 1Q25) due to the deceleration in their deposit growth. Regarding the asset breakdown, the fall in the share of deposits seems to be replaced by that of equities. The main financial assets* of households remain to be deposits though. However, size of money market funds (7 trillion TL, almost 1/3 of total deposits) stays as a risk to financial stability for the coming months.

Corporates

Total indebtedness of corporates declines; and remains below EM and DM averages. Net FX short position that fell from $207bn to $63bn btw 2018-23 reached its highest level seen since 2018 with $185bn, increasing their vulnerability to a currency shock. However, real sector's access to external financing remains to be solid, as seen in their increasing FC credits and issuances obtained externally.

Public Debt

Overall public debt to GDP remains low. However, reliance on gold borrowings, increasing burden of interest paymens due to high interest rates (caused by the slower than expected disinflation path) and decreasing maturities remain as risk factors.

Banks

The share of FC wholesale funding is increasing in banks, led by the acceleration in their sub-debt issuances. On the other hand, maturities of external debt are extending with the increasing share of LT debt, supporting the LT external roll-over ratios and their FC liquidity.

FX position

The overall total FX position of the economy continued to improve in 3Q25 (with the latest data of Aug25) due to an improvement in public sector's FX position, led by the CBRT. The composition of external debt continues to shift between the public sector and the real sector.

*For more on the financial and non-financial assets of hholds, see the first CBRT Inflation Report of 2025

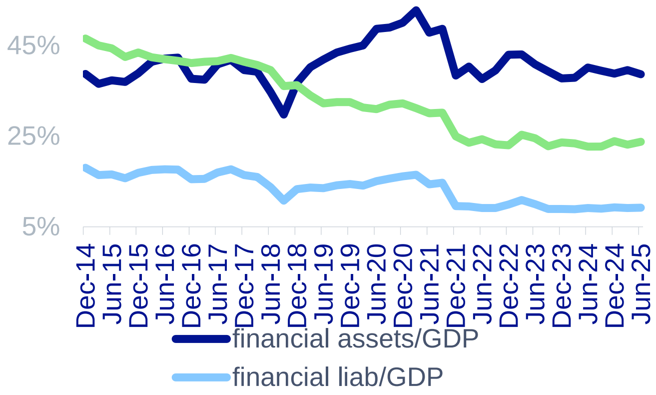
Research

01.

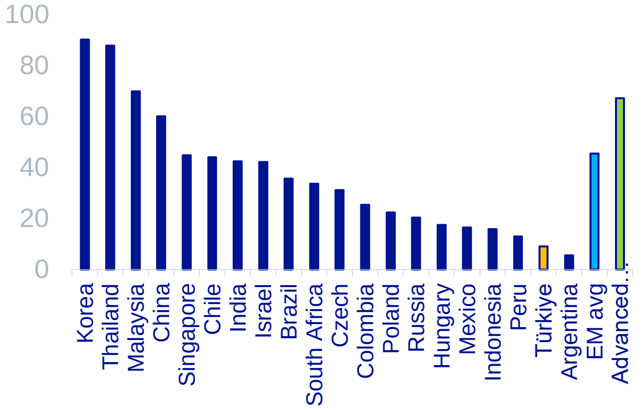
Households Indebtedness

Households’ financial assets to GDP ratio hovers slightly below the historical average of 40%

HOUSEHOLD FINANCIAL ASSETS & LIABILITIES (%)



HOUSEHOLD INDEBTEDNESS (% GDP, 2Q25-IIF)



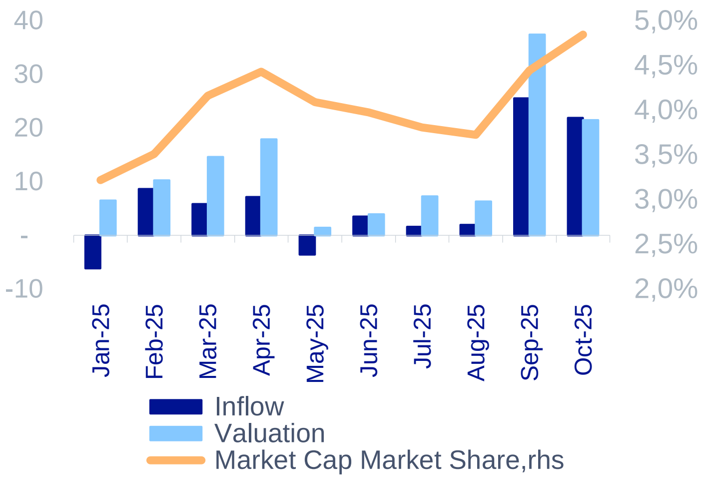
* For more on the valuation effect of non-financial assets of hholds,see the first CBRT Inflation Report of 2025.
Source: CBRT Financial Accounts 2Q25, IIF 2Q25, BRSA and Garanti BBVA Research.

The indebtedness ratio (9%) is still low and remains much below both the average of emerging and advanced countries. However, the low ratio of hholds' financial assets/GDP is mainly due to hholds' traditional tendency for non-financial assets, such as physical gold and housing*

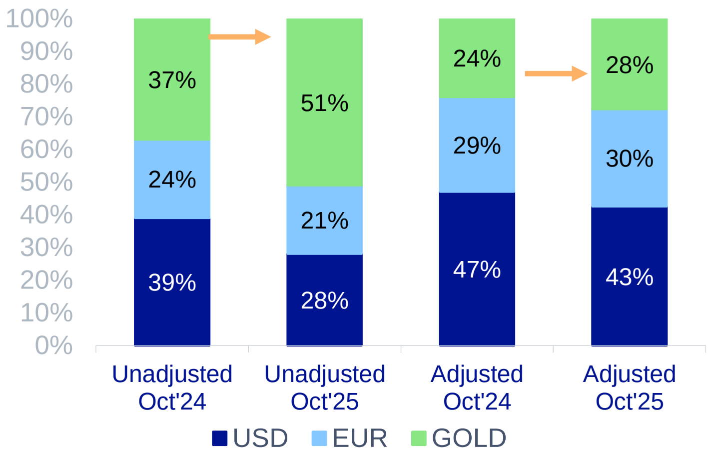
Albeit lower than the level of appreciation in their non-financial assets*,

the valuation impact of gold deposits provide a significant buffer of wealth for hholds

PRECIOUS METALS FUNDS MONTHLY VALUATION AND NET INFLOWS (billion TL)



HOUSEHOLD FC DEPOSIT COMPOSITION** (%)

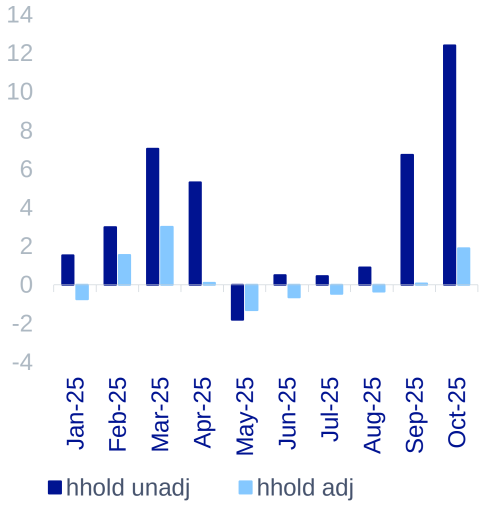


* For more on the valuation effect of non-financial assets of hholds,see the first CBRT Inflation Report of 2025.
** Adjusted data is controlled for gold price and parity effects

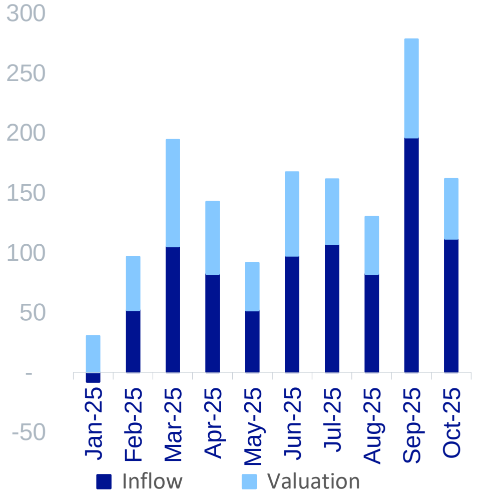
Source: CBRT, TEFAS, and Garanti BBVA Research.

FC deposits rose due to mainly gold prices after August. Steady rise seen in FC funds*, also boosted by maturing KKM

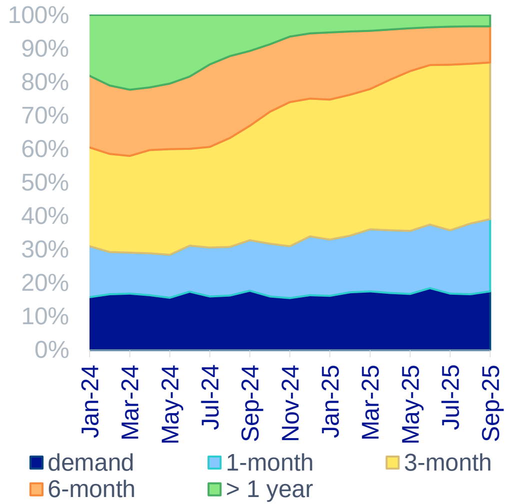
FC DEPOSITS MONTHLY CHANGE (USD BN)



FC FUNDS MONTHLY VALUATION AND NET INFLOWS (billion TL)



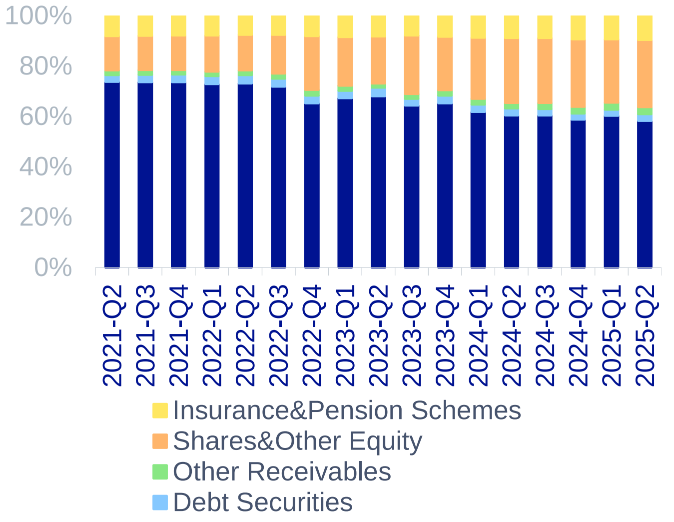
MATURITY BREAKDOWN OF TL DEPOSITS OF HHOLDS (%, share in total)



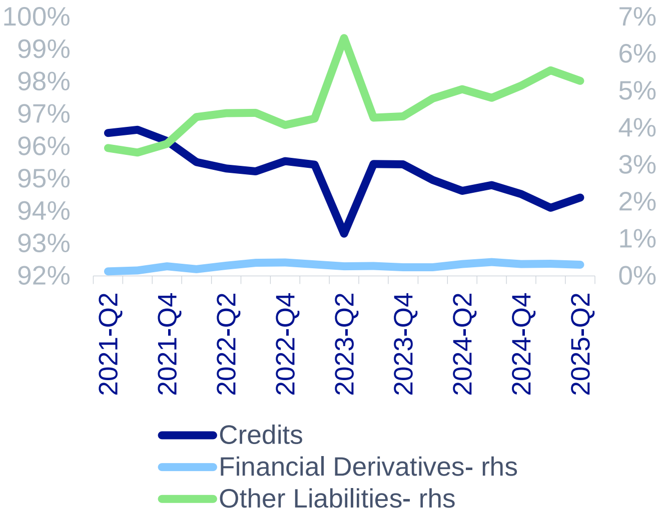
FC Funds: FC Hedge Funds, Eurobond Funds, Precious Metals funds (mostly held by households)
Source: TEFAS, Garanti BBVA Research

The share of stock market & mutual funds rose in 2Q25 compared to fall in deposits in hholds financial assets

BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (%, HHOLDS, SHARE IN TOTAL)



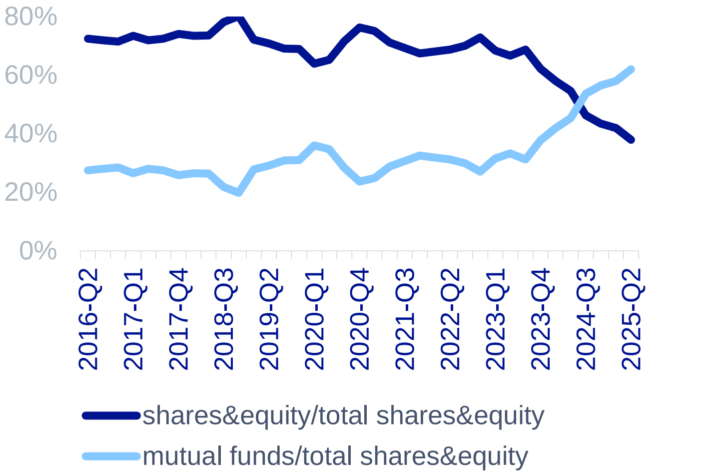
BREAKDOWN OF LIABILITIES BY INSTRUMENTS (%, HHOLDS, SHARE IN TOTAL)



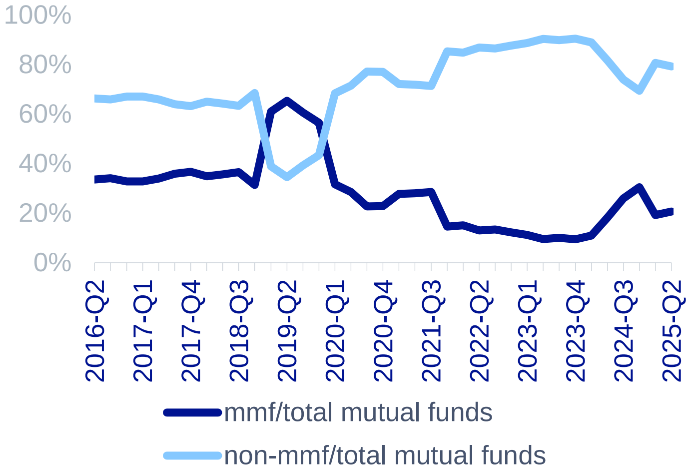
*Other receivable and other payable items:The assets under this category are distinguished by a timing difference between the transaction that creates these assets/liabilities and the corresponding payment. In the Turkish practice, this category includes transitory liability and asset accounts, miscellaneous receivables and payables, prepaid taxes, etc.
** Shares&other equity consists of shares&equity and mutual funds (mmf & non-mmf) investments
Source: CBRT Financial Accounts 2Q25, Garanti BBVA Research.

Household inflows into money market funds recovered somewhat in 2Q25 after the March shock

BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (%, HHOLDS, SHARE IN EQUITY 2Q25)



BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (%, HHOLDS, SHARE OF FUNDS,2Q25)

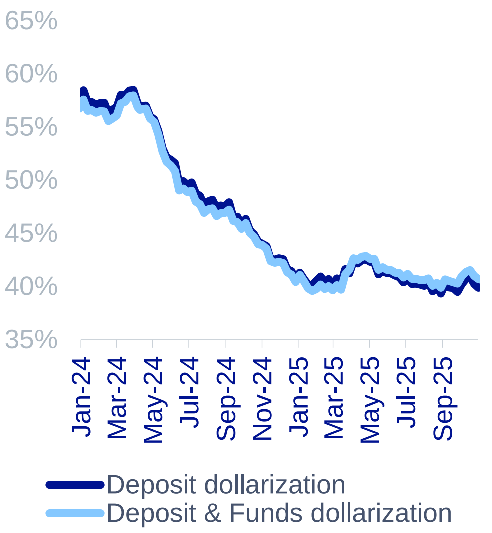


Source: CBRT Financial Accounts 2Q25, Garanti BBVA Research.

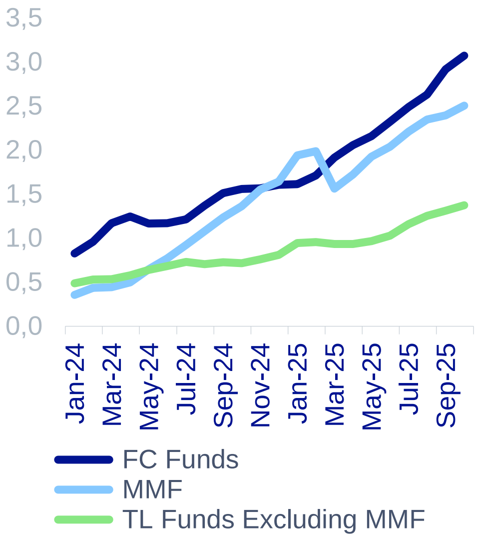
The share of mutual funds investments continued to increase in 2Q25 compared to equity investments

Size of MMFs has surpassed its pre-March shock level, yet with a decelerating pace due to declining returns

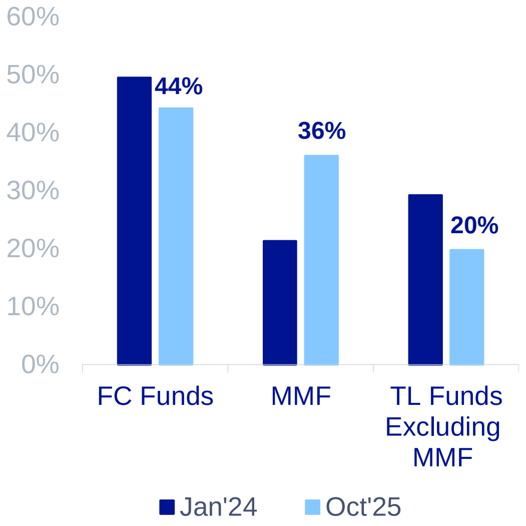
DEPOSIT AND DEPOSIT&FUNDS DOLLARIZATION RATES (%)



FUNDS VOLUME BY INSTRUMENTS (TRILLION TL)



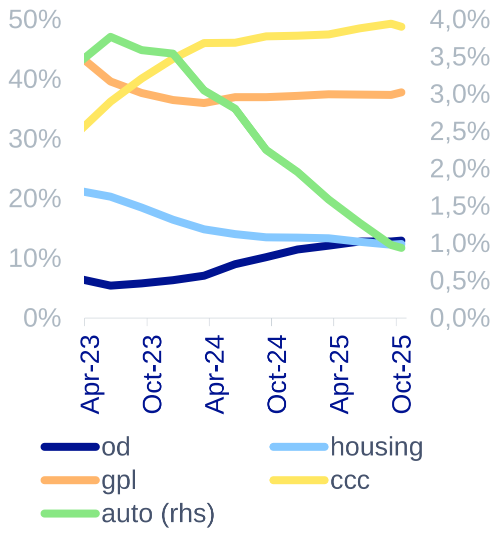
FUNDS BREAKDOWN BY INSTRUMENTS (%, SHARE IN TOTAL)



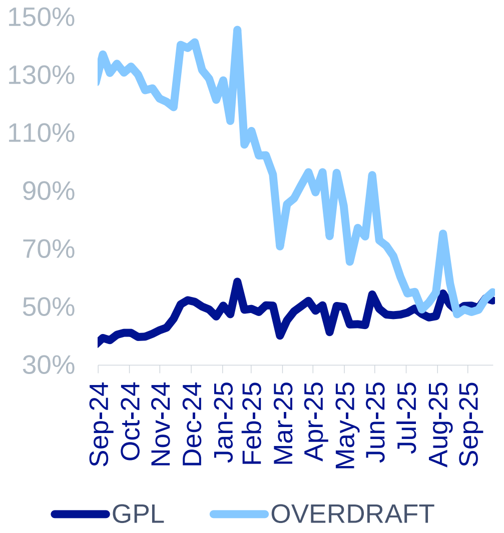
MMF: Money Market Funds, Hedge Money Market Funds, Participation Money Market Funds
FC Funds: FC Hedge Funds, Eurobond Funds, Precious Metals funds
TL Funds Excluding MMF: Stock Market Funds, Turkish Bonds Funds,TL Hedge Funds
Source: TEFAS, Garanti BBVA Research

Share of housing loans in total loans reached its historically lowest level in 3Q25

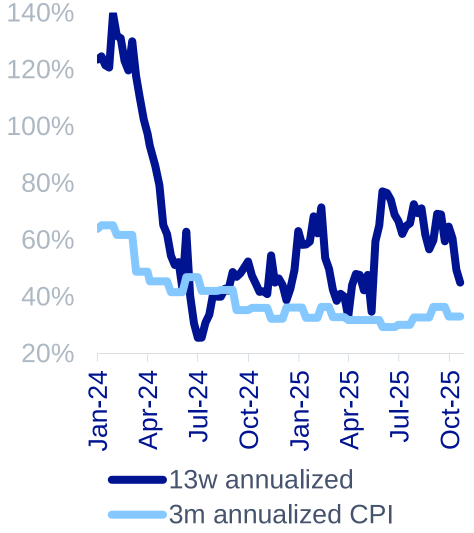
SHARE OF CREDIT SEGMENTS IN TOTAL CONSUMER CREDITS
(%)



GENERAL PURPOSE & OVERDRAFT LOANS
(13W ANNUALIZED GROWTH)



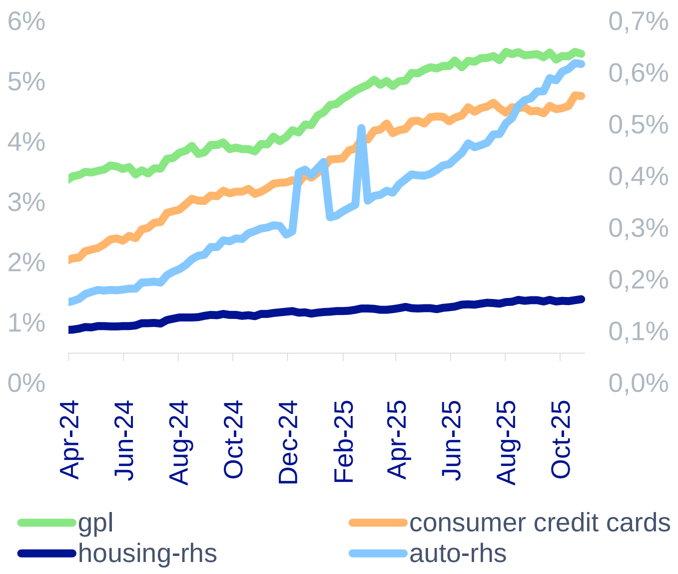
CONSUMER CREDIT CARDS
(13W ANNUALIZED GROWTH)



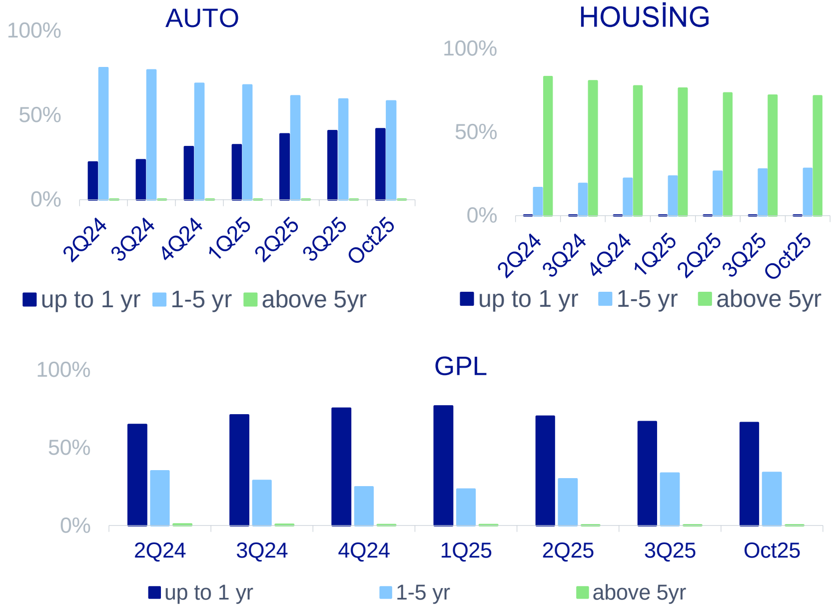
Source: CBRT, BRSA and Garanti BBVA Research.

The average maturity of GPL and housing loans continued to increase in 3Q25

NPL RATIO IN RETAIL CREDITS
(%)



MATURITY COMPOSITION OF RETAIL CREDITS
(% SHARE IN TOTAL)



Source: BRSA and Garanti BBVA Research.

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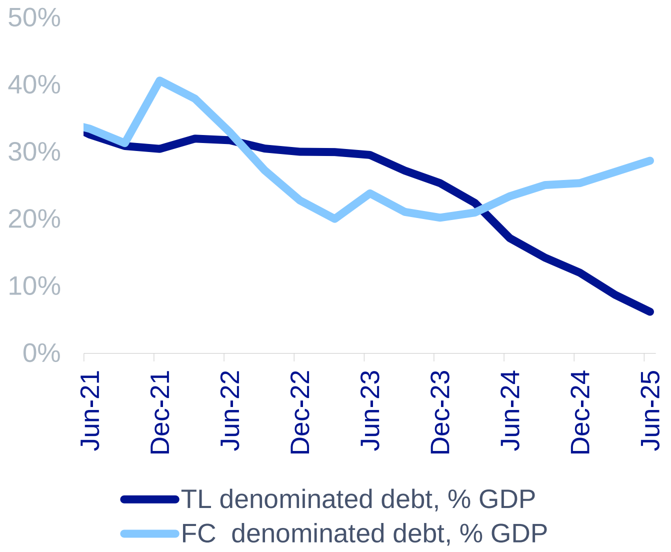
02.

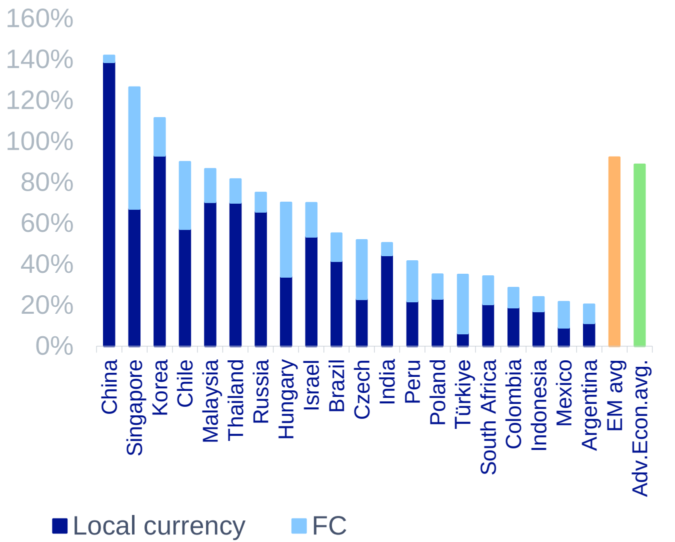
Corporates Indebtedness

Corporates debt/GDP ratio remains below the peer averages. Divergence btw TL and FC debt continues

DEBT/GDP RATIO OF THE CORPORATE SECTOR (%)



DEBT/GDP RATIO OF THE CORPORATE SECTOR PEER COUNTRIES (% GDP, 2Q25)

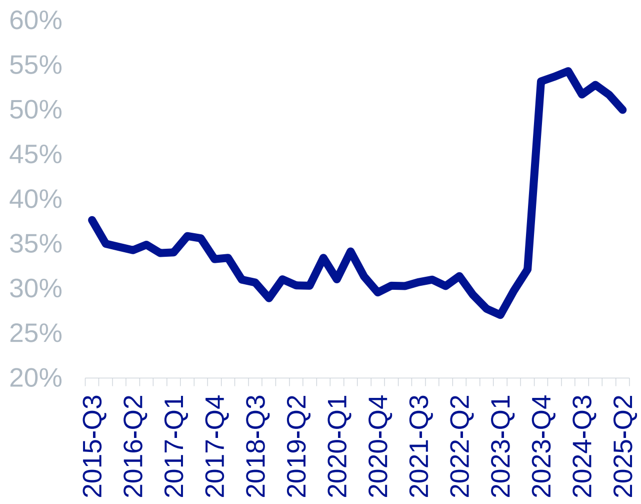


Source: IIF last observation of 2Q25 and Garanti BBVA Research.

Although being historically high, the liquidity of corporates keeps deteriorating, driven by their liabilities

TOTAL LIABILITES* OF CORPORATES / GDP (%)

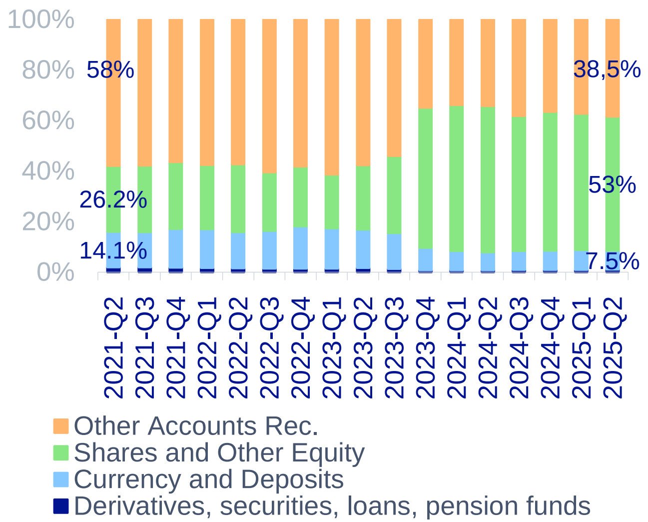
TOTAL ASSETS / TOTAL LIABILITIES OF CORPORATES’ (%)



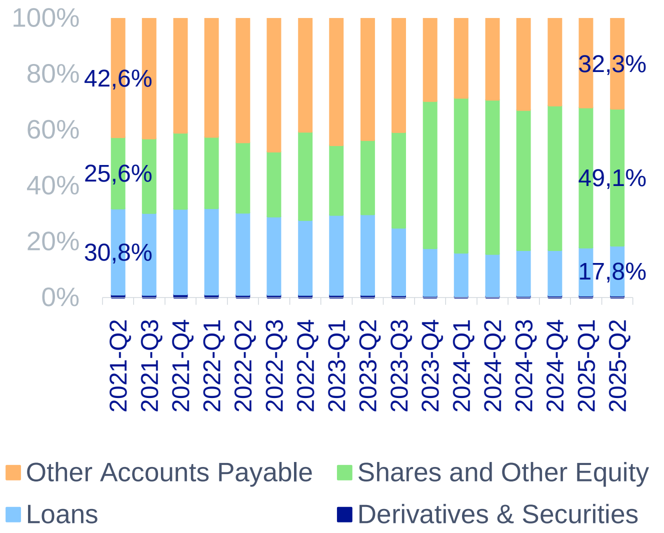
* loans + debt securities
Source: CBRT Financial Accounts 2Q25, Garanti BBVA Research.

Share of shares&equites in fin. assets of corporates have been declining since in 1Q25 (Mar shock)

BREAKDOWN OF CORPORATES' FINANCIAL ASSETS BY INSTRUMENTS
(SHARE İN TOTAL %, 2Q25)



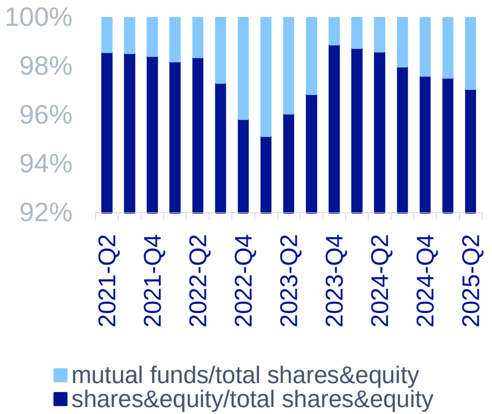
BREAKDOWN OF CORPORATES' FINANCIAL LIABILITIES BY INSTRUMENTS
(SHARE İN TOTAL %, 2Q25)



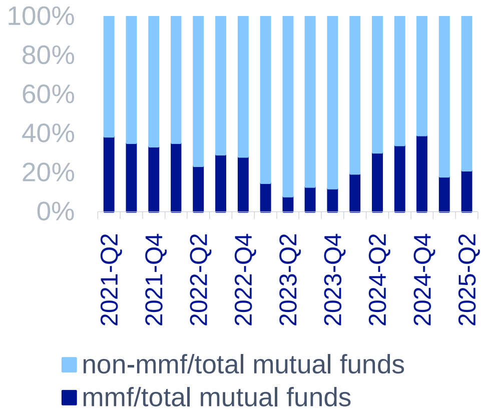
* Other accounts receivable and other accounts payable items are composed of corporates' commercial transactions with each other. Shares&other equity consists of shares, equity and mutual funds (mmf &non-mmf) investments
Source: CBRT Financial Accounts 2Q25, Garanti BBVA Research.

Among this asset class*, recent increase in mutual funds was stronger than in equity investments with still low levels

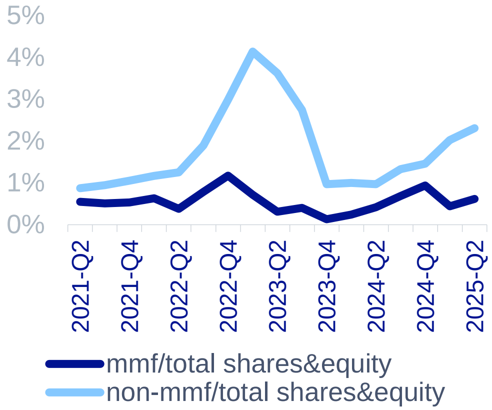
BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (%, 2Q25)



BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (%, 2Q25)



BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (%, 2Q25)

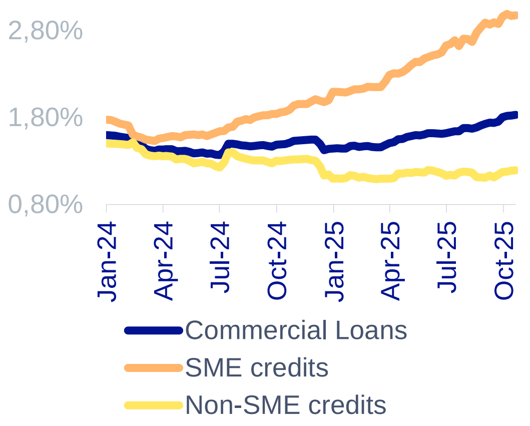


*Shares & equity consist of shares & equity and mutual funds investments of corporates. And mutual funds investments consist of MMFs and non-MMFs.
Source: CBRT Financial Accounts 2Q25, Garanti BBVA Research.

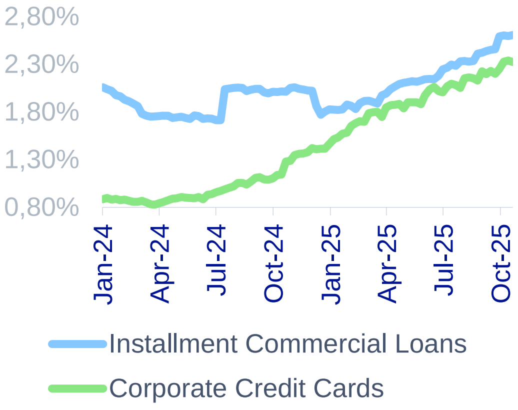
However, non-MMFs of corporates continue to have a higher share compared to MMF investments

NPL ratios in commercial credits continue to rise led by SME credits and corporate credit cards

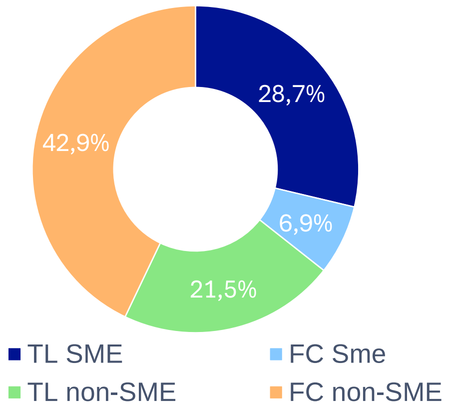
BREAKDOWN OF NPL RATIO IN COMMERCIAL CREDITS (%)



NPL REAKDOWN OF TL COMMERCIAL CREDITS (TRN TL IN LOCAL BANKS)



BREAKDOWN OF COMMERCIAL CREDITS (SHARE İN TOTAL COMMERCİAL CREDİTS)

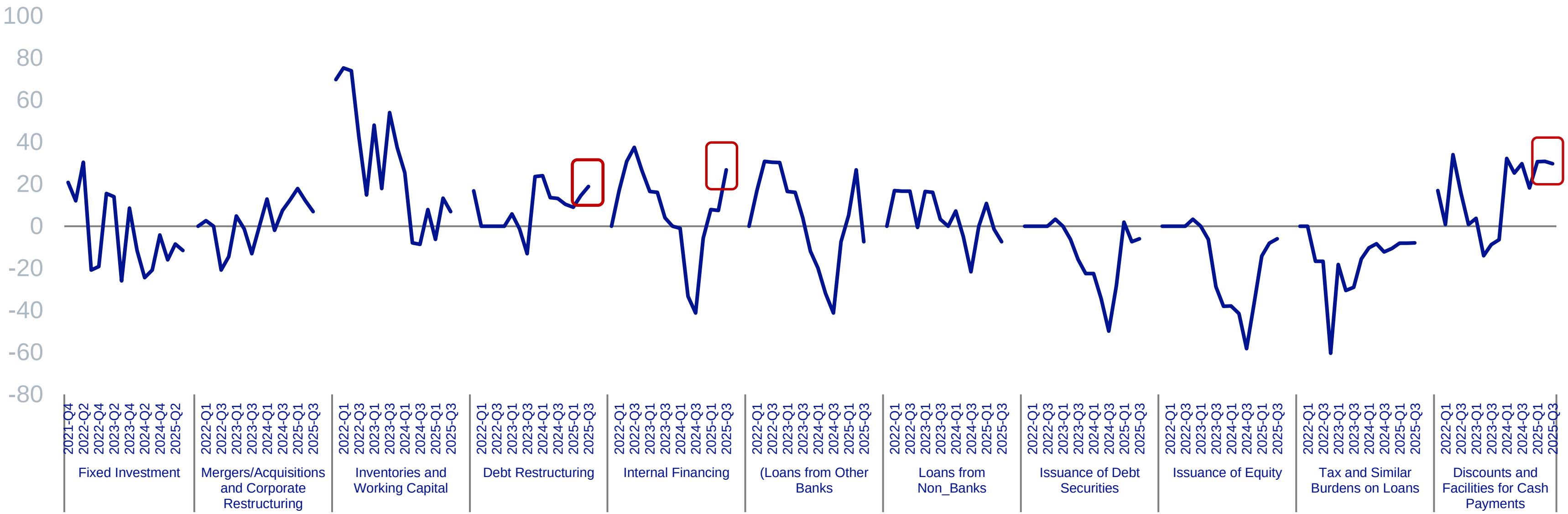


Source: BRSA and Garanti BBVA Research

After their declining trend in 2Q25, SME share in commercial credits started to rise again in both TL and FC segments in 3Q25

Since 2025, corporates have been using credits mainly for debt restructing and internal financing purposes

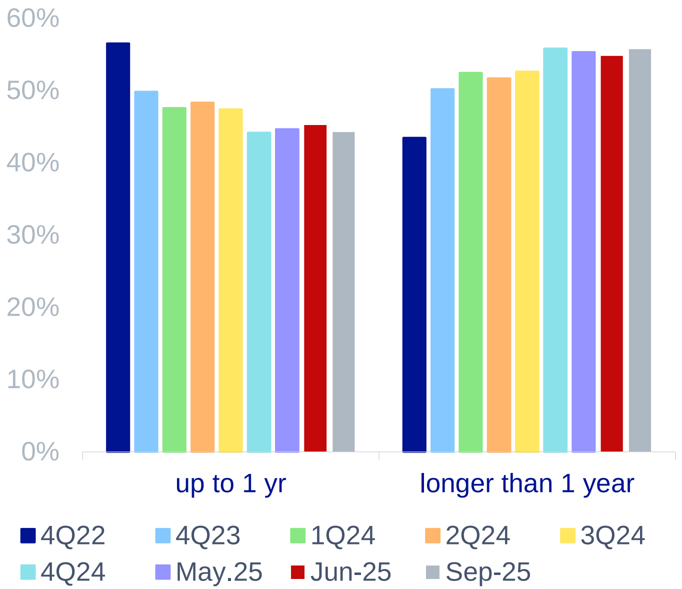
FINANCING NEEDS OF THE REAL SECTOR FOR DIFFERENT PURPOSES
(POSITIVE= INCREASE IN DEMAND, NEGATIVE=DECREASE IN DEMAND)



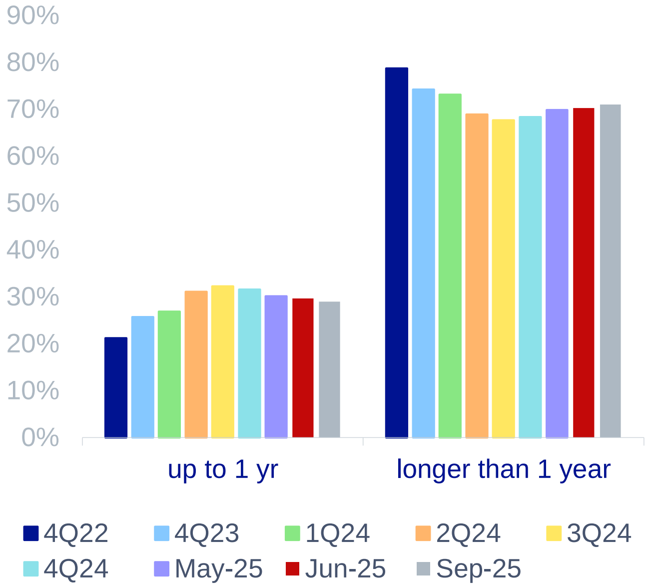
Source: CBRT, Garanti BBVA Research.

Maturities in both TL and FC commercial credits rose a bit in 3Q25 due to expected lower costs in LT

MATURITY COMPOSITION OF TL COMMERCIAL CREDITS

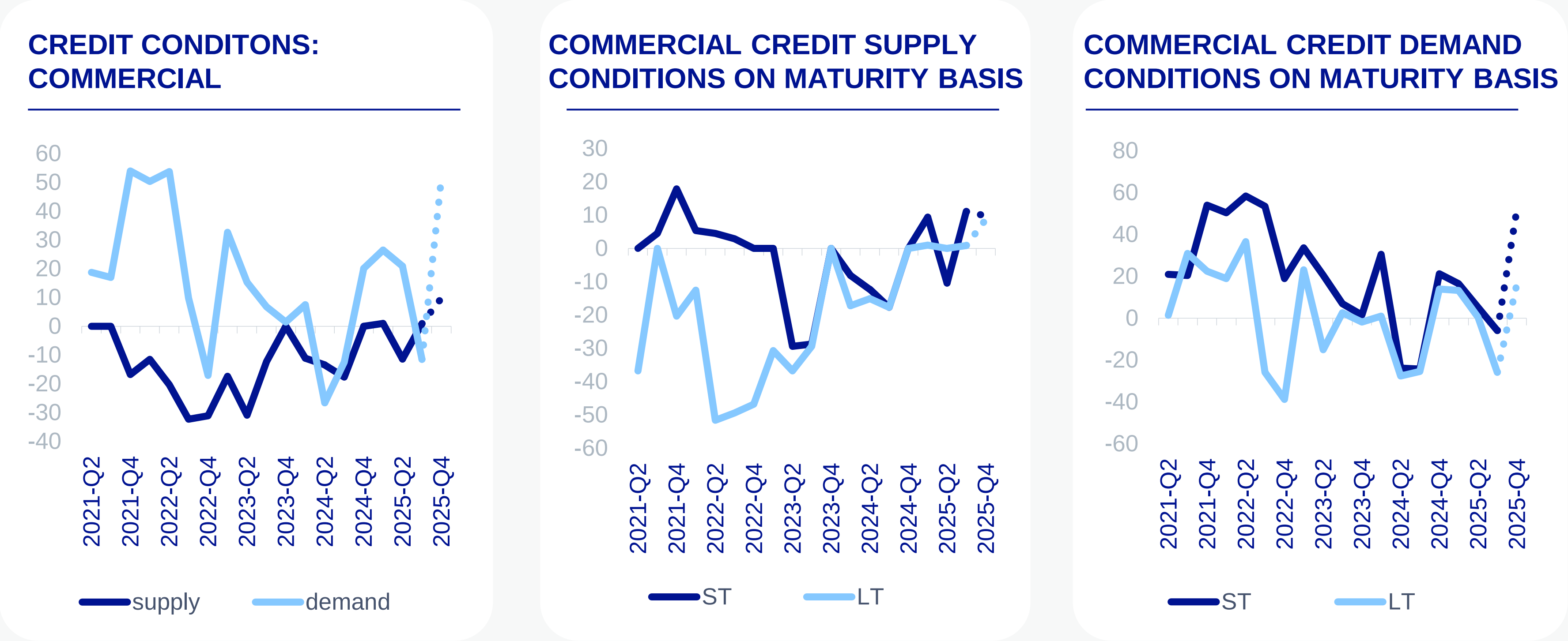


MATURITY COMPOSITION OF FC COMMERCIAL CREDITS



Source: BRSA, Garanti BBVA Research.

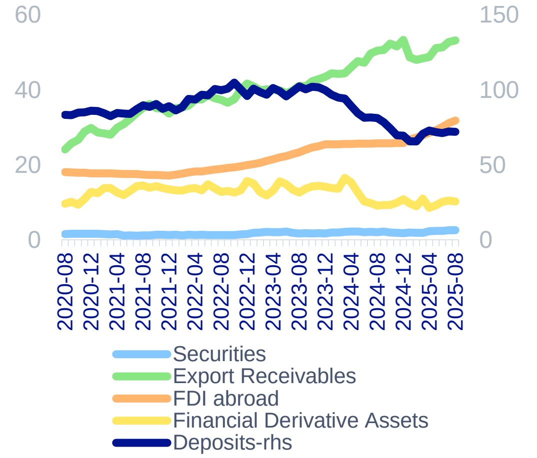
Commercial credit demand and supply conditions are expected to improve in LT maturities in 4Q25



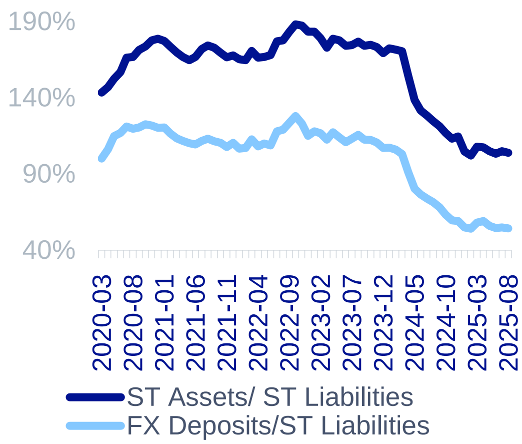
Source: CBRT and Garanti BBVA Research.

FC liquidity ratios of corporates keep worsening due to a rise in their ST FC liabilities and a fall in their FC buffers

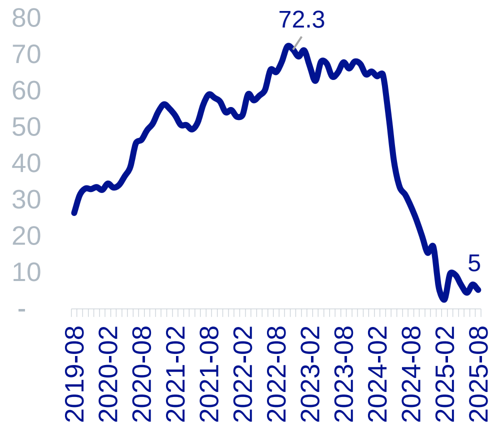
FC ASSETS OF CORPORATES (BN USD)



FC LIQUIDITY OF CORPORATES (%)



SHORT-TERM NET FX POSITION OF THE CORPORATE SECTOR (BN USD)

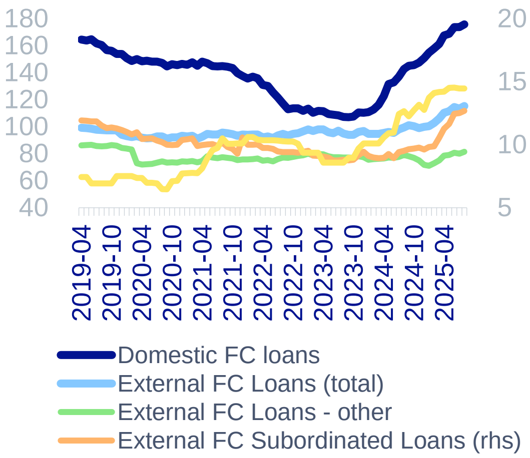


Source: CBRT and Garanti BBVA Research.

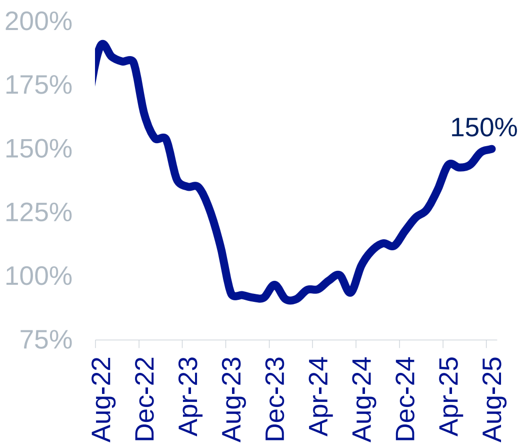
The short-term net FX position deteriorated further to $5.2bn, the lowest since July 2016

Domestic FC loans of corporates continue to grow on non-capped items and faster than external loans

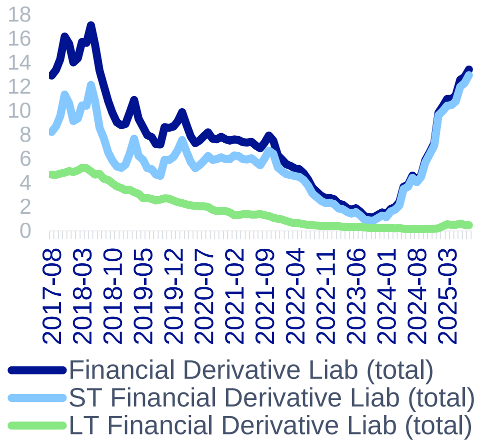
FC LOAN COMPOSITION* OF THE CORPORATE SECTOR (BN USD)



LT EXTERNAL LOANS ROLL-OVER RATIO OF REAL SECTOR (12 MONTH ROLLING, %)



FC FINANCIAL DERIVATIVES OF CORPORATES (BN USD)

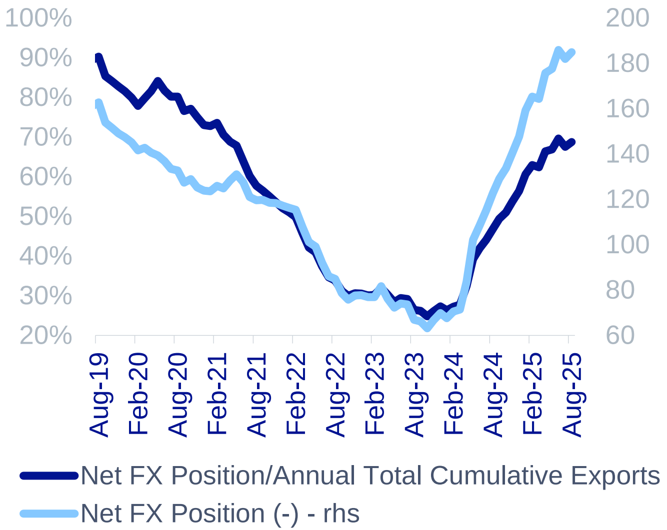


Source: CBRT and Garanti BBVA Research.
*Details of FC loans are obtained from "Outstanding Loans Received from Abroad by the Private Sector" statistics of the CBRT.

High external roll-over ratios are also proven by the increase in subordinated loans obtained from abroad. Meanwhile, corporates have been increasing also their reliance on ST financial derivative liabilities since 2024

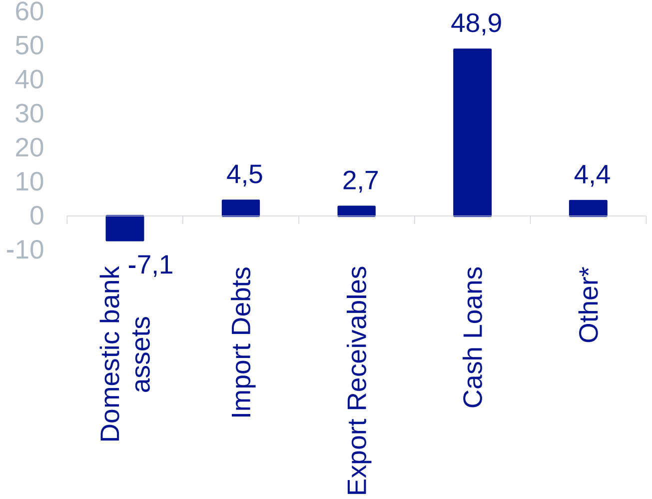
Capacity of export revenues to cover the open FX position of corporates continues to worsen

NET FX POSITION/ANNUAL CUMULATIVE EXPORTS & NET FX POSITION
(RATIO & $USBN)



Source: CBRT and Garanti BBVA Research.

FACTORS BEHIND WORSENING IN NET FX POSITION
($USbn, CHANGE AS OF AUG25 WRT AUG24)



* The change in the "other" item covers the change in assets (deposits) with banks abroad, securities and direct capital investments made abroad.
Assets = deposits of the real sector

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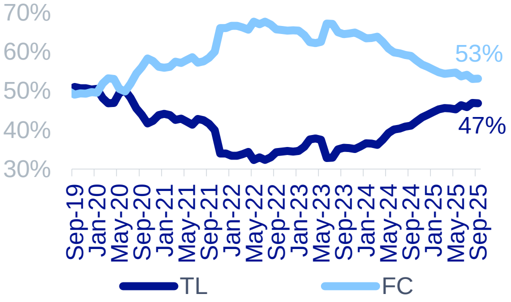
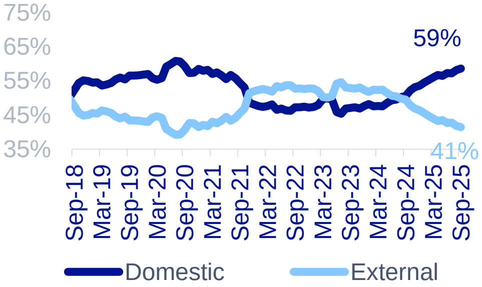
03.

Public Sector Indebtedness

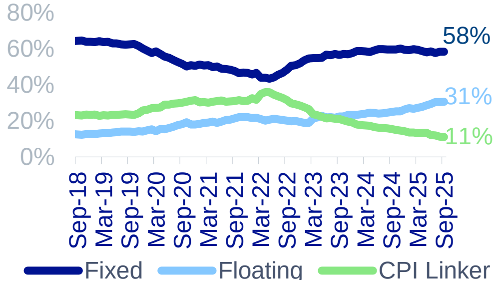
On fiscal front, TL share continues to increase in public debt

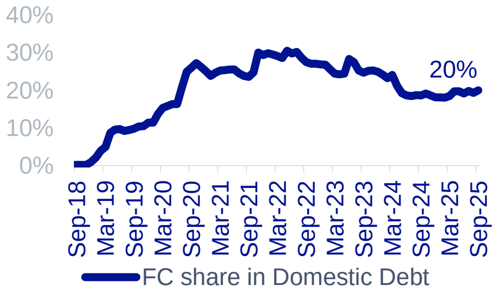
PUBLIC DEBT DECOMPOSITION
(SHARE IN TOTAL)



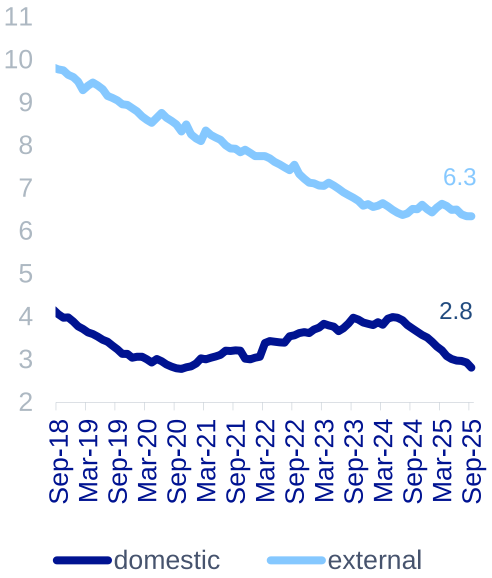


DOMESTIC DEBT DECOMPOSITION
(SHARE IN TOTAL)





PUBLIC DEBT AVERAGE MATURITY (MONTH)

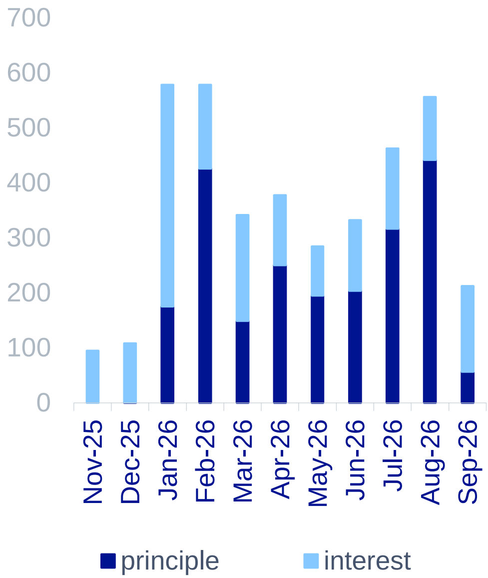


Source: Treasury and Garanti BBVA Research.

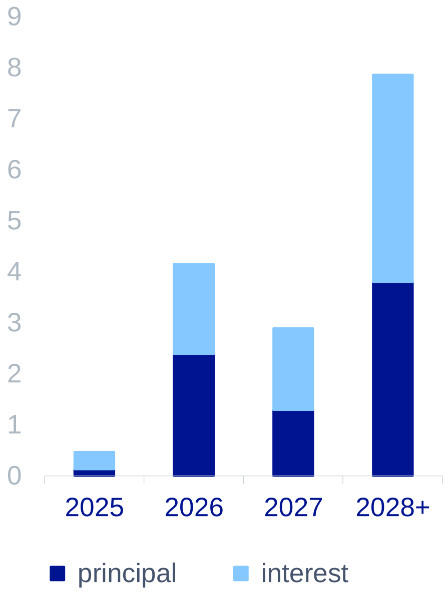
Highest TL debt redemptions will be 1Q and 3Q of 2026.

DOMESTIC DEBT ROLL-OVER RATIOS (12M ROLLING, %)

DOMESTIC DEBT REDEMPTION CALENDAR (BN TL)



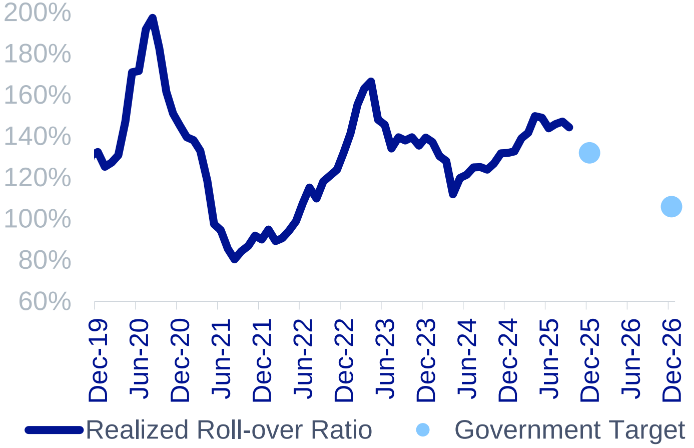
DOMESTIC DEBT REDEMPTION CALENDAR (TRILLION TL)



Source: Treasury and Garanti BBVA Research.

Domestic debt roll-over ratio is targeted to be 106% in 2026

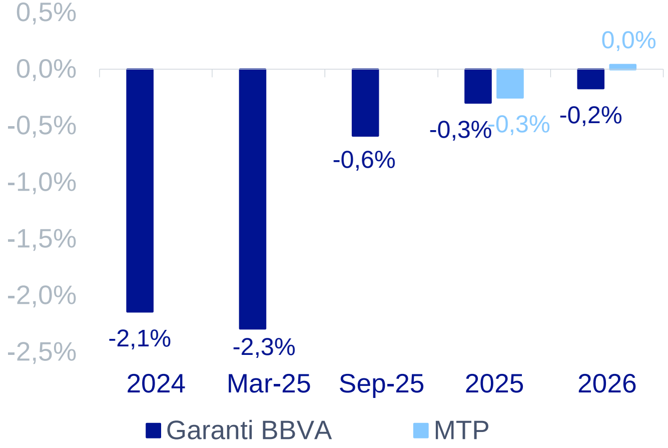
DOMESTIC DEBT ROLL-OVER RATIO



Source: Garanti BBVA Research

BUDGET PRIMARY BALANCE*

(% GDP)



** Realizations are cash basis, 2025 and 2026 forecasts are on an accrual basis*
Source: Garanti BBVA Research, Treasury

Cash primary deficit to GDP came down to 0.6% of GDP in Sep from 2.1% in Dec24 and 2.3% in Mar25, led by moderating non-interest spending below inflation trend and still strong tax revenues

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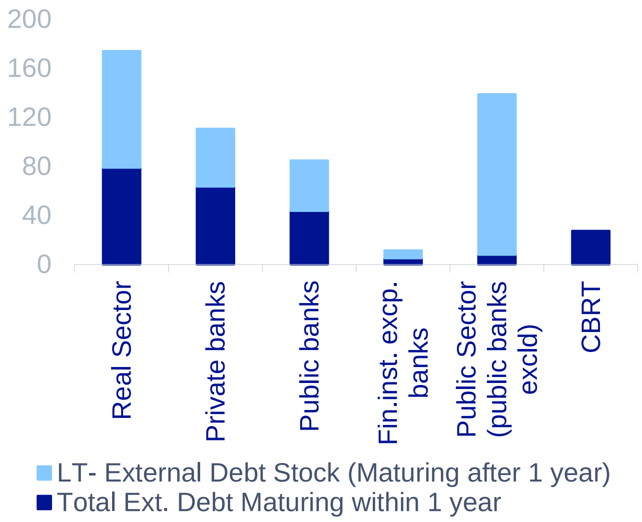
04.

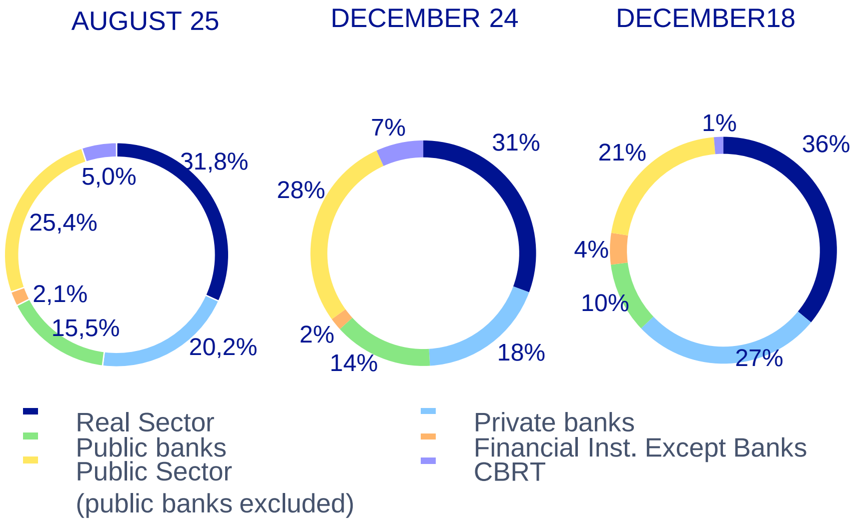
Türkiye's External Debt Stock

External debt keeps switching btw real sector & public sector, particularly the CBRT, weighing on real sector

EXTERNAL DEBT BY MATURITY
(BN USD, AUG25)



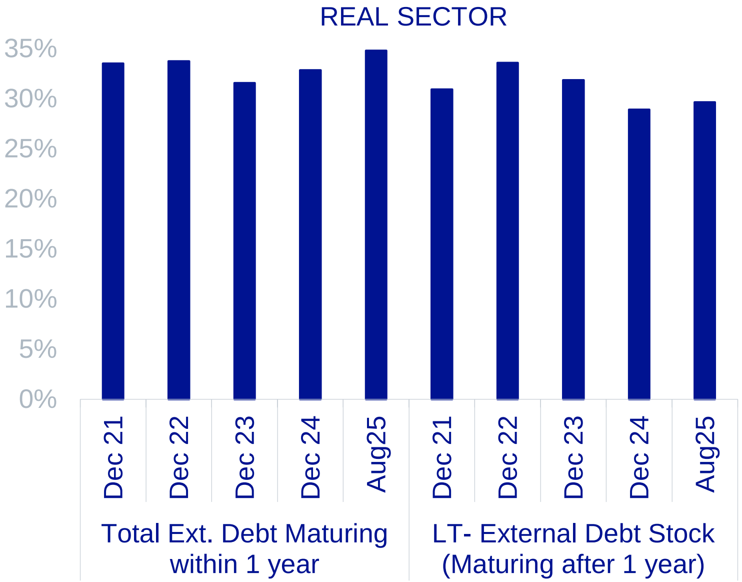
SHARE OF AGENTS IN TOTAL EXTERNAL DEBT (%, AUG25 & DEC24 & DEC18)

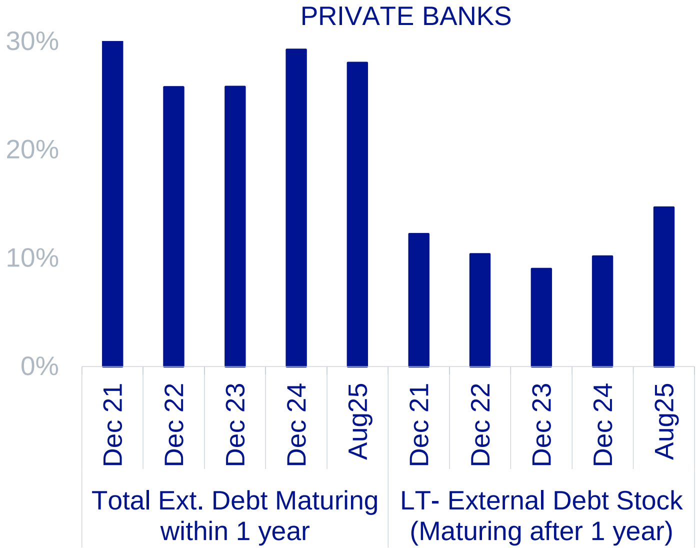


Source: CBRT and Garanti BBVA Research.

Share of ST external debt rose in real sector…

EXTERNAL DEBT BY MATURITY (SHARE OF LT AND ST EXTERNAL DEBT)

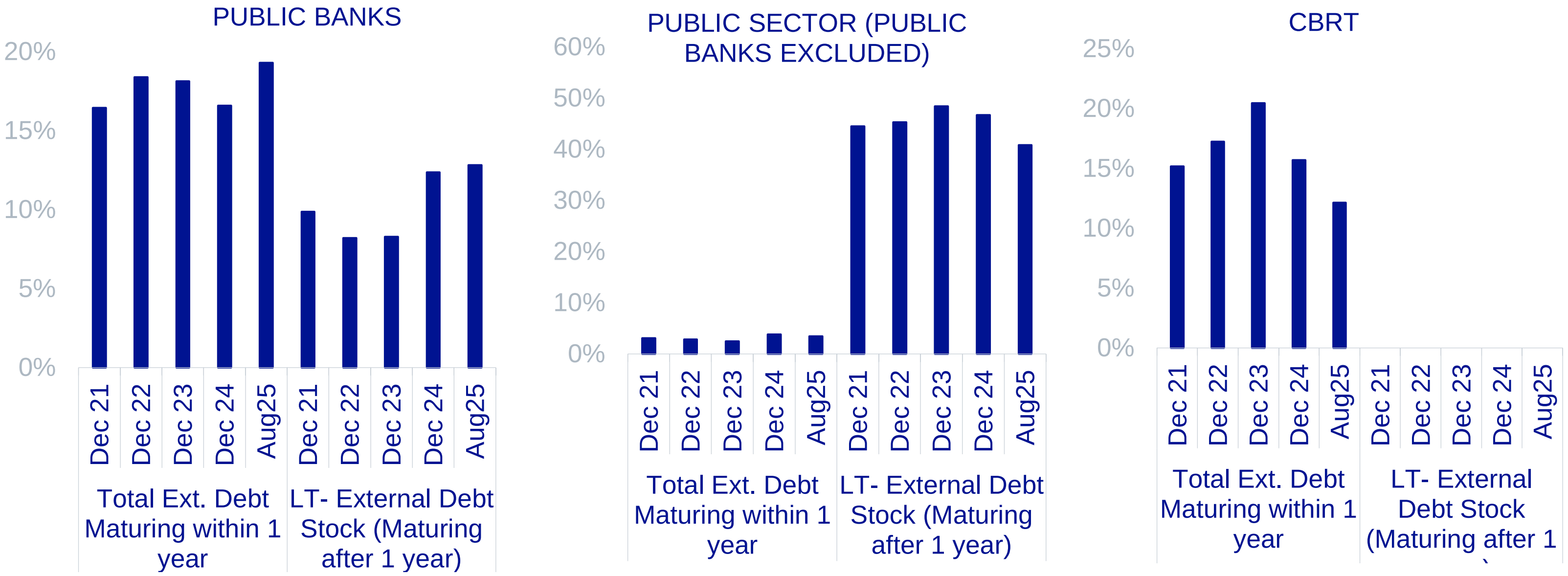




Source: CBRT and Garanti BBVA Research.

…which we also observe in public banks as of Aug25

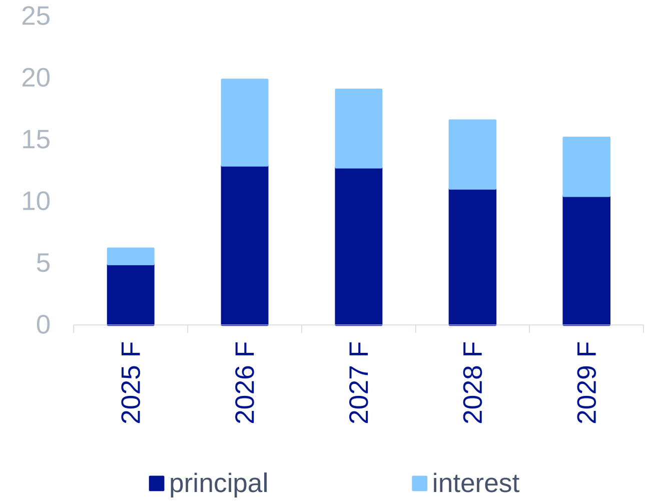
EXTERNAL DEBT BY MATURITY (SHARE OF LT AND ST EXTERNAL DEBT)



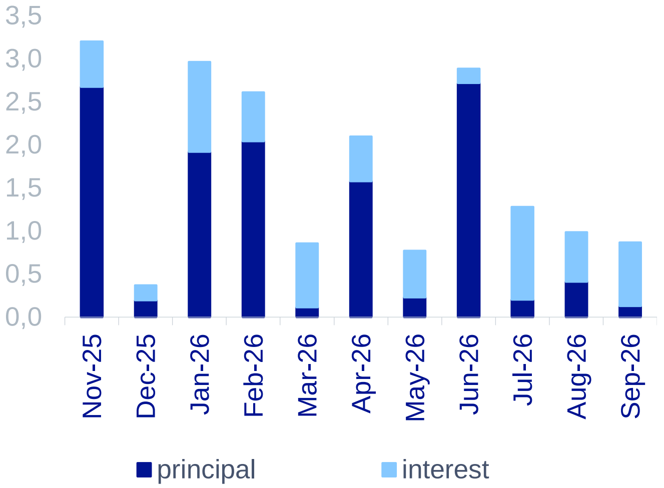
Source: CBRT and Garanti BBVA Research.

Nov25 ($3.2bn) and the first 2 months of 2026 will be key for external debt redemptions of the Government

EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT (BN USD)



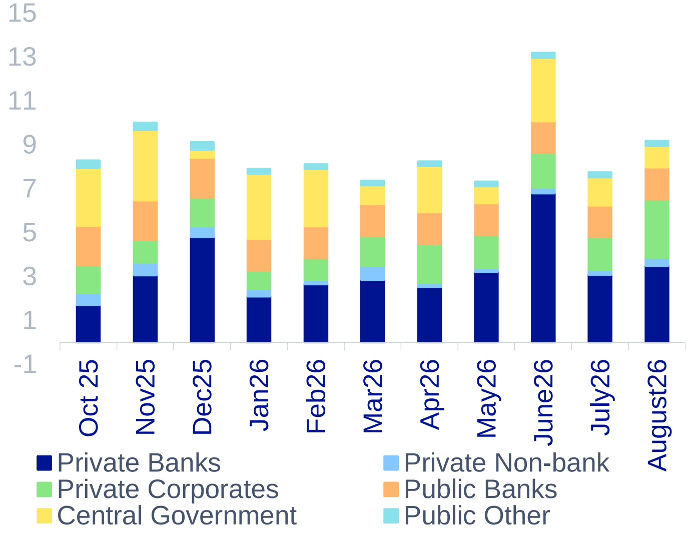
EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT (BN USD)



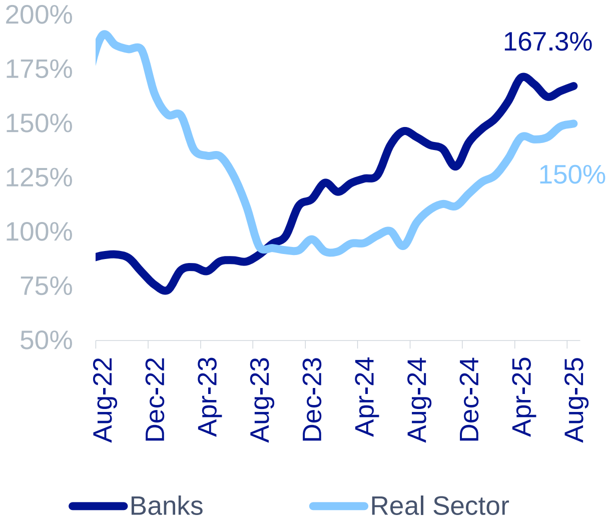
Source: Treasury and Garanti BBVA Research.

Highest external debt redemption of the private sector will be in Nov25 ($8.3bn) and Jun26 ($13.2bn)

EXTERNAL LOANS BY PRIVATE SECTOR ON A REMAINING MATURITY BASIS FOR THE NEXT 12 MONTHS (BN USD, AS OF AUG 2025)



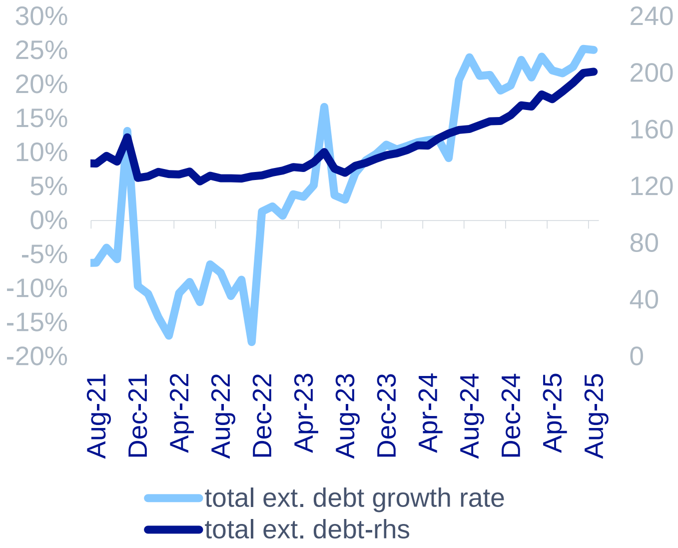
LT EXTERNAL LOANS ROLL-OVER RATIO OF BANKS & REAL SECTOR
(12 MONTH ROLLING, %)



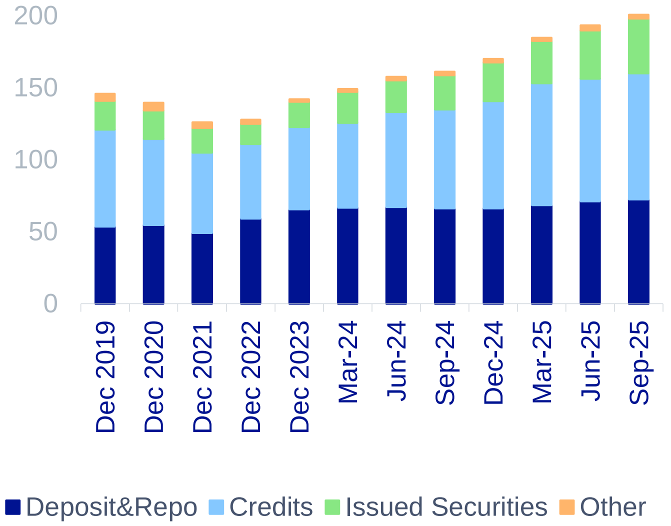
Source: CBRT and Garanti BBVA Research.

Banks' external debt rose to $201bn in total. The highest increase remains to be in FC subdebt issuances

BANKS' TOTAL EXTERNAL DEBT
(% AND BN USD)



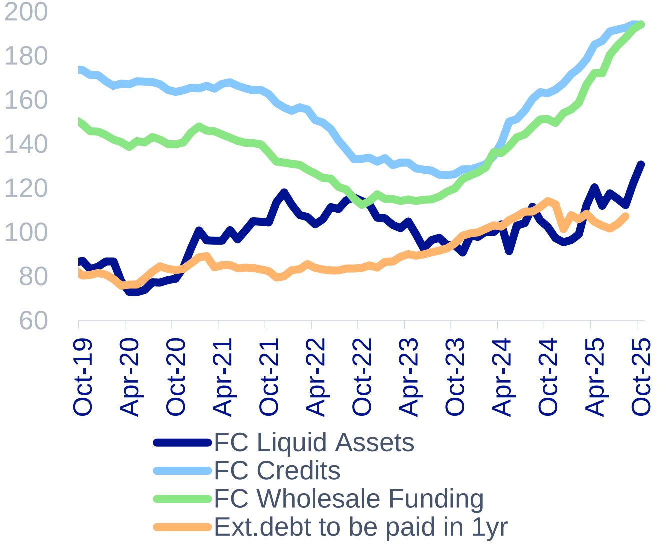
BANKS' TOTAL EXTERNAL DEBT
(BN USD)



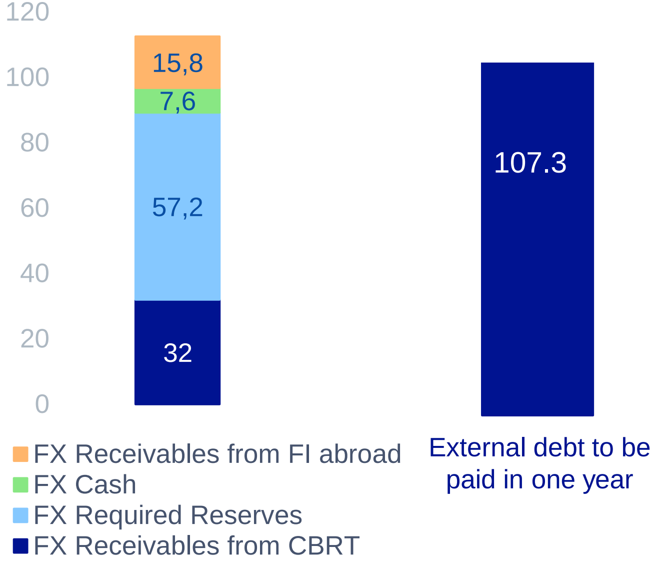
Source: CBRT, BRSA and Garanti BBVA Research.

Highest increase in FC liquid assets was due credits from abroad subsidiaries

BANKS' FC ASSETS & FC LIABILITIES
(BN USD)



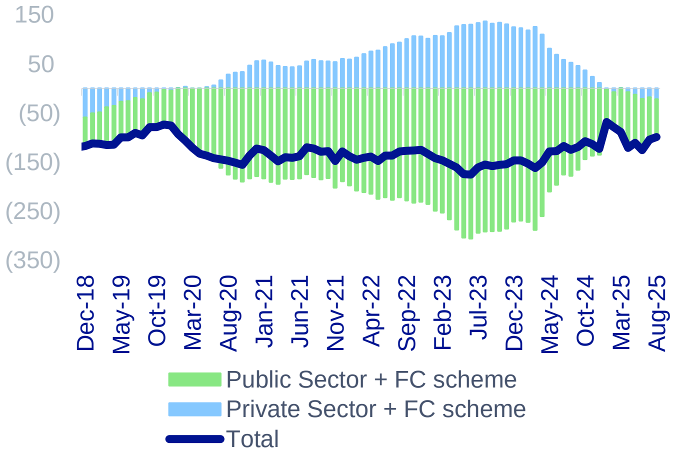
BANKS' FC LIQUID ASSETS & ST EXTERNAL DEBT (BN USD, AUG25)



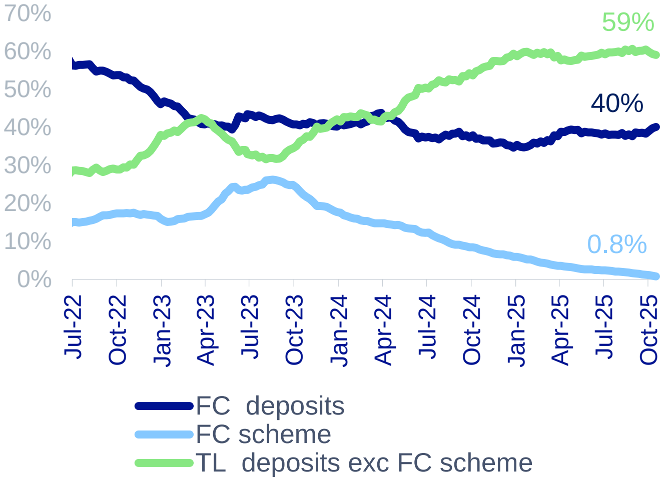
Source: CBRT, BRSA and Garanti BBVA Research.

Total net FX position continues to improve with the public sector's net FX position narrowing down

TOTAL NET FX POSITION OF TURKIYE
(BN USD)



SIZE OF FC SCHEME ACCOUNTS
(BN USD)

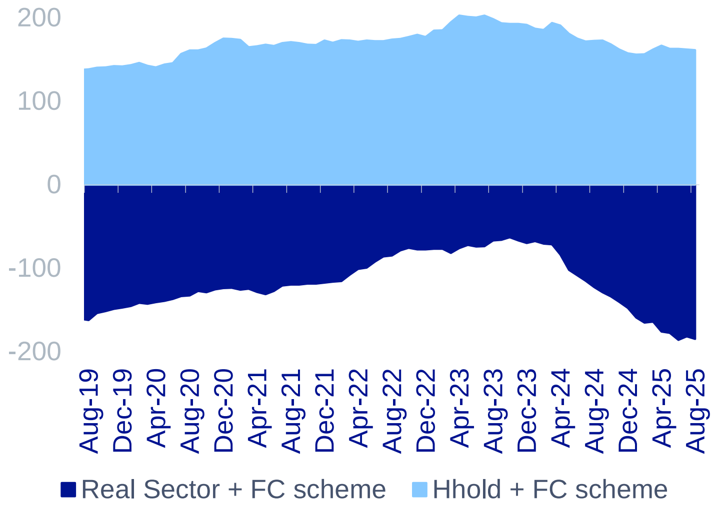


Source: CBRT, BRSA, Treasury, and Garanti BBVA Research.

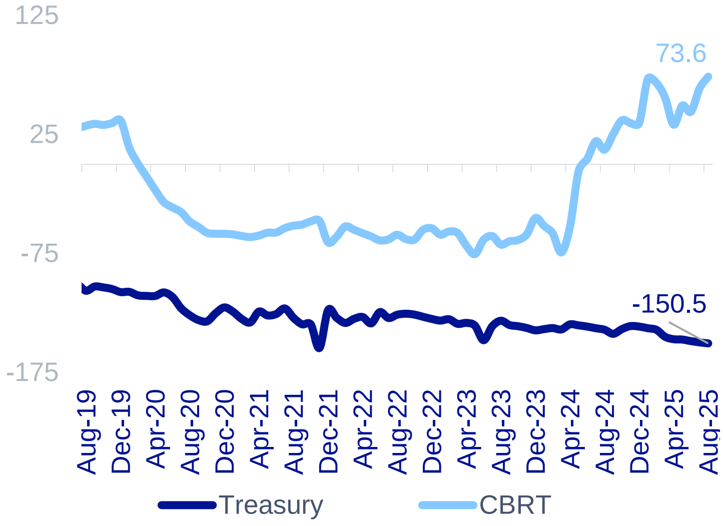
KKM (remaining 5bn$) has been finalized except for YUVAM accounts. A higher FC demand in favor of FC funds than the KKM exit continues since March shock; yet overall dollarization ratio stays closer to 40%

Improving long FC position of the CBRT constitutes a significant buffer against any potential volatility

NET FX POSITION OF PRIVATE SECTOR EXC. BANKS (bn USD)



NET FX POSITION OF PUBLIC SECTOR (bn USD)



Source: CBRT, BRSA, Treasury and Garanti BBVA Research.

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