

DENİZ ERGUN  
FEBRUARY 2026

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# Türkiye Banking Sector Outlook

# Main messages

## SECTOR OUTLOOK

After the end of the year campaigns, loan interest rates have gone up with the start of 2026, particularly in consumer segment with almost 1300bps rise (excluding mortgage credits), compared to Dec25. After positive Nov & Dec CPI surprises, Jan & Feb CPI confirmed the impact of still resilient demand and distorted pricing behavior which will not allow TL deposit rates (and hence also credit rates) to go down noticeably in the ST. As the disinflation policy continues, credit growth caps have been also another determining factor on the volatile behavior of credit interest rates. As banks will manage the spreads with credit rates, newly introduced overdraft loan and credit card limitations\* are further tightening steps, which will negatively impact the P&Ls of banks in terms of NII and fees & commission revenues.



## CREDIT SEGMENTS

Credit growth decelerated in January, both in commercial and consumer credits. As the interest rates in both segments behaved very volatile in January, their growth rates followed the same path, however still with consumer loan growth remaining higher than commercial loans, as well as than the CPI trend. On commercial loans, TL segment continues to grow higher than the FC credits which are further capped with 0.5% growth rate within the 8-week period. SME credits have been exceeding non-SMEs in both TL and FC segments since Aug25. However, their growth rates converged in January. As non-SME firms prefer external FC credits, SME firms financing pressures will be eased with the recently announced financing packages\*\*.



## DEPOSITS & DOLLARIZATION

The tolerance range for the TL deposit rule targets has been further eased temporarily for the current period ending by March 13th as the valuation impact of gold and other precious metals, and demand for FC deposits have been weighing on the ratios. The CBRT continues to aim to keep TL rates as attractive as possible to maintain savings mostly in TL. Return for TL deposits and money market funds stay above USDTRY depreciation trend, but household inflation expectations still require high incentives for holding TL. How much currency volatility will be allowed together with the disinflation trend, will be key for the duration of maintaining the required TL deposit shares.



# Main messages

## PROFITABILITY



Decelerated disinflation trend provides limited room for TL funding costs to fall noticeably and for NIMs of banks to improve more gradually than expected. Moreover, the one-off tax expenses of 4Q25 had a substantial negative impact on net income, which resulted in a less than expected recovery in late 2025 with an RoE of 25.6%. Recent limitations on credit cards will additionally negatively impact NIIs in terms of volume as the unused limits of cards is around 80% of total limits; and also indirectly impact the fee revenues which have been an important supporting factor in P&Ls of banks. However, the other tightening step in overdraft loans might be partly compensated with higher growth rates in other exempted GPL loans.

## ASSET QUALITY



The increasing trend in both SMEs' and retail loans' NPL ratios seem to stabilize since Dec25 as the NPL inflows decelerated; and collections improved. The restructurings btw Jul-Oct25 on retail credits had eased the pressure on NPL inflow in 2025. The recent BRSA decision\* will likely have a further easing impact in 1Q26 supporting the NPL and CoR pressure, and hence P&L. However, the overall net impact for 2026 on NPL flows might be very limited due to deferred NPL deterioration from the restructured balances, transferring into higher CoR levels in 2026. The currency adjusted cost of risk (CoR) in peer private deposit banks realized around 200bps on average. Their 2026 guidance targets a level btw 200-250bps at most.

## CAPITAL



Capital ratios improved further to almost 20% in Dec25, supported by mainly the profit levels in the sector. However, the BRSA forbearances which had supported the sector capital ratios against any significant TL depreciation has been terminated as of the start of 2026 which will likely have a negative impact of around 180-200bps on capital ratios. The longer-term subordinated debt issuances of banks which had decelerated in 4Q25 resume by the start of the year, and continue to support banks' capitals.

# Monetary stance continues to be supported with the macro-prudential measures

## Regulations for TL deposit share

- The calculation period for TL deposit rules were extended to eight weeks from four weeks with the same thresholds. Accordingly, real-person TRY deposit share growth target has been changed to 0.4pp from 0.2pp for the banks btw 60-65% ratio and to 0.8pp from 0.4pp for the ones below 60%. For the ones above 65%, the rule is to keep it. The commission rate applied based on the share of TL share declined to 3% from 4%. The tolerance range for the targets has been raised from 50pp (for 8 weeks) to 150pp temporarily for the current period ending by March 13th (for 16 weeks) for the banks with 60-65% ratio, and to 100pp for the ones above 65% if they come down below 65%.
- The growth targets for commercial TRY deposit shares are changed from 0.3pp (4 weeks) to 0.6pp (8 weeks). For the ones above 60% ratio, the rule is to keep it. The tolerance range for targets are raised from 10pp (for 8 weeks) to 20pp (for 16 weeks). The commission rate applied based on the share of TL is reduced from 2% to 1.5%.
- For calculations, the exchange rate to be used will be the average of the past 24 weeks rather than the past 12 weeks.

## Loan growth caps

- Limits on TL & FC loan growth are reviewed via 8 weeks with a cumulative cap of 5% for TL SME loans & 3% for non-SME TL commercial loans excluding export & investment, agriculture, and tradesmen loans; 4% auto loans, 4% GPL, 4% for overdraft loans with more than 3 installments; 2% for overdraft account limits (introduced as of 30.01.26), 0.5% for FC loans (prev.1.0% revised as of 30.01.26).
- CGF & «breath» credits (a low-interest credit package provided to SMEs through banks) have been excluded from the growth caps.
- The sales/assets threshold for SME classification has been increased from TL500mn to TL1bn (US\$25mn).
- In housing loans extended to consumers, the distinction between first-hand and second-hand homes has been removed with respect to the loan-to-value (LTV) ratio.

## Regulations on RRs

- The RRR of 17% for TL deposits (demand and 1M & 3M time deposits)
- The RRR of 10% for TL deposits (>3M)
- TL RRR of 2.5% for FC deposits
- The RRR of 26-30% for FC deposits & precious metals, as of Jan26
- The RRR of 20% for funds from repo transactions abroad & loans obtained from abroad of a maturity up to 1 month, and 16% up to 3 month; 14% up to 1 year
- The RRR of 14% for deposits from banks abroad and liabilities to the head office abroad with maturities up to 1Y
- The RRR of 10% for CPI-, PPI-, and TLREF-indexed deposits

## Regulations for CARs

- Elimination of additional risk weights on banks' CAR calculations
- Removal of the forbearances for Capital Adequacy Ratio (CAR) calculations as of 2026:
  - i) Fixing the FX rate as 32.83 for USD/TRY & 35.13 for EUR/TRY in credit risk calculation
  - (ii) excluding negative revaluation differences of securities of HTC&S portfolio (purchased no later than 01/01/2024) from capital

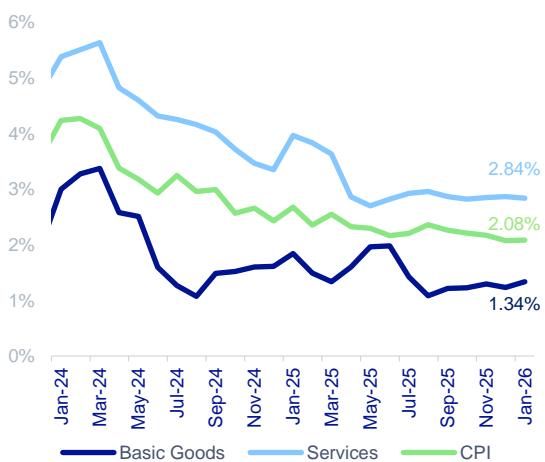
## Regulations on Credit Cards

- Overdraft limit is capped at a maximum of twice the customer's monthly average income. On credit cards, if a cardholder's total credit card limits across all banks exceed TRY 400,000, banks will partially reduce unused credit card limits as of the statement date on which the highest spending occurred within the past year. Banks will be also required to make determinations to ensure that all cardholders' credit card limits are aligned with their monthly/annual average income by 01.01.2027.
- As of Feb26, retail credit cards and GPLs that are partially or fully unpaid as of the due date may be restructured upon the request within three months of the decision date, with maturities capped at 48 months.
- The maximum interest rate on TL credit card receivables has been decreased i) with balances of <30k (previously TL25k) per month to 3.25%, ii) of TL30-180k (prev. TL25-150k) per month to 3.75%, iii) of >TL180k (prev. TL150k), corporate credit cards, and cash withdrawals to 4.25%, as of Jan26.
- Loan allocation fee for commercial loans limit has been kept as 0.20% (vs. previous 0.25%). Additional fees can be charged on limit increases (no longer limited by 0.125%) but only if the limit increase is requested by the customer. Loan disbursement fee limit of 1.10% has not been changed while being increased to 1.1% for revolving credits.

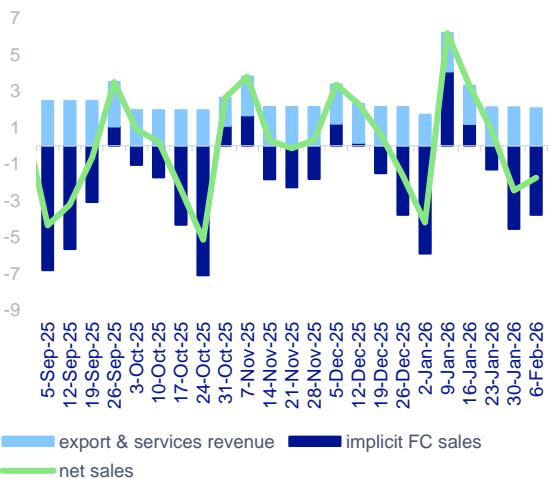
# Credit Developments

# Positive surprises of Nov & Dec CPI had accelerated inflows to TL assets till the negative surprise of Jan CPI

## CPI TREND INDICATORS (SA MoM, 3M AVG)



## CBRT WEEKLY RESERVE FLOWS (\$Usbn, as of Feb 6th)



## CBRT INTERNATIONAL RESERVES (\$Usbn, as of Feb 13th)



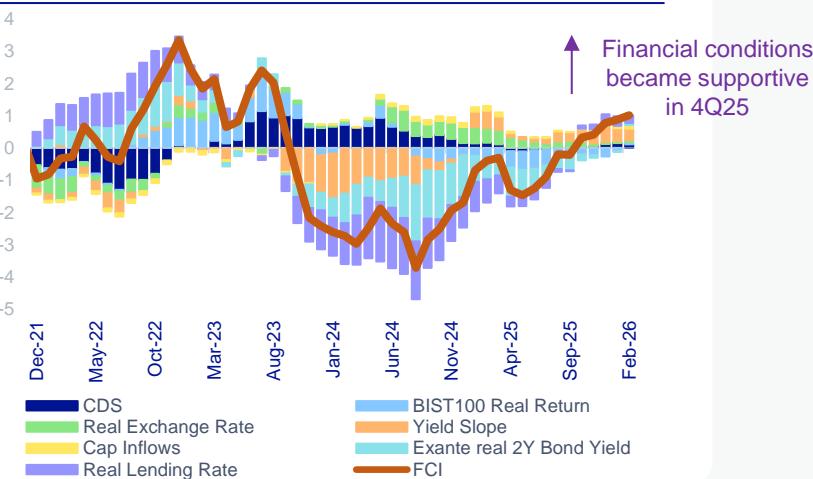
\* Excluding local banks' external subsidiaries, including only the outright purchases in Government local bonds

Source: CBRT and Garanti BBVA Research

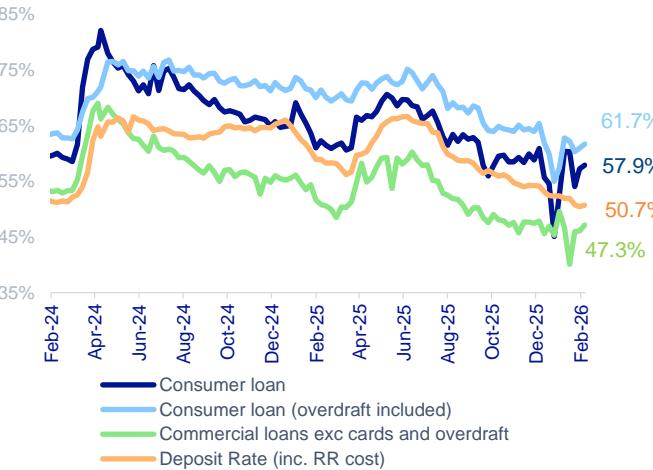
Jan-Feb CPI confirm the impact from still resilient demand and distorted pricing behavior (1Q26 cumulative CPI to reach 10%, similar to 2025). The CBRT aims to keep reserves strong, most likely as buffers against any unexpected volatility, also setting flows dynamics critical for policy rate decisions.

# Macroprudential policies will likely continue to calibrate monetary tightness

## GARANTI BBVA FINANCIAL CONDITIONS INDEX (FCI) (STANDARDIZED, + EASING, - TIGHTENING)



## TL LOAN & DEPOSIT RATES (% WEEKLY, FLOW, SECTOR, COMPOUNDED)



Source: CBRT, Bloomberg and Garanti BBVA Research

Deposit and credit regulations will likely continue until a significant improvement in the inflation outlook, which is not expected before 2H26. As of Jan 16th, CBRT has relaxed the deposit rules with an extension to 8 weeks, a higher range of flexibility and lower commission rates in case of a failure.

# Credit growth deceleration of Jan26, led by caps, ended the month with 1% wow growth pushing up the trend

BBVA  
Research

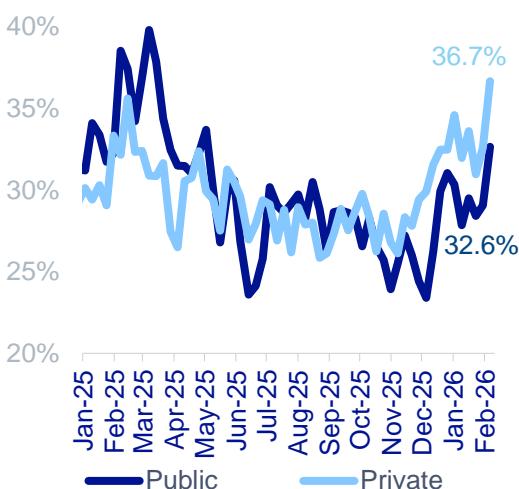
## TOTAL CREDIT GROWTH (FX ADJ) 13 WEEK ANNUALIZED & YOY



## TOTAL CREDIT GROWTH (FX ADJ) 4 WEEK CUMULATIVE



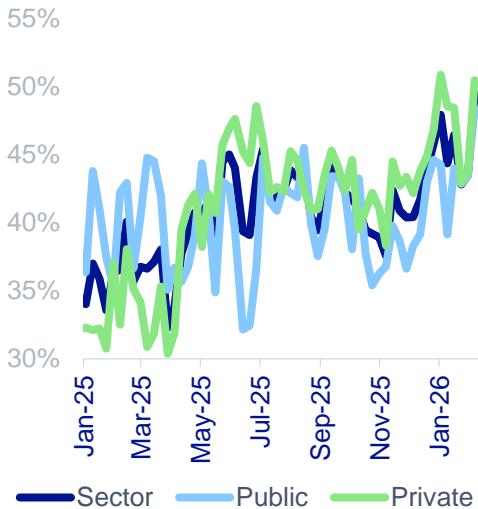
## TOTAL CREDIT GROWTH (FX ADJ) 13 WEEK ANNUALIZED



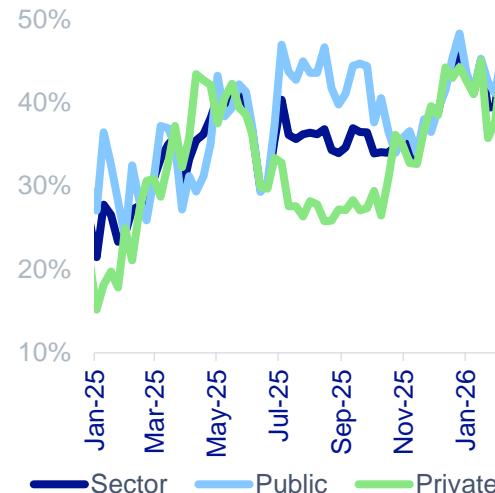
Divergence in credit growth rates btw public and private banks became more pronounced since Dec25.

# 13w divergence is due to private banks' consumer credits, yet public banks' Jan push in retail was stronger

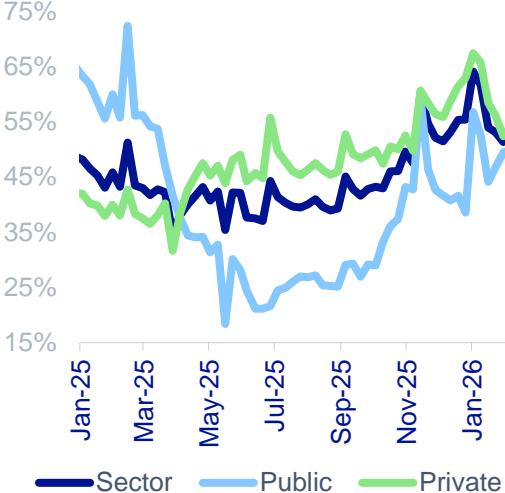
## TL CREDIT GROWTH: PUBLIC VS PRIVATE BANKS 13 WEEK ANNUALISED, DEPOSIT BANKS



## TL COMMERCIAL LOANS 13 WEEK ANNUALIZED, DEPOSIT BANKS



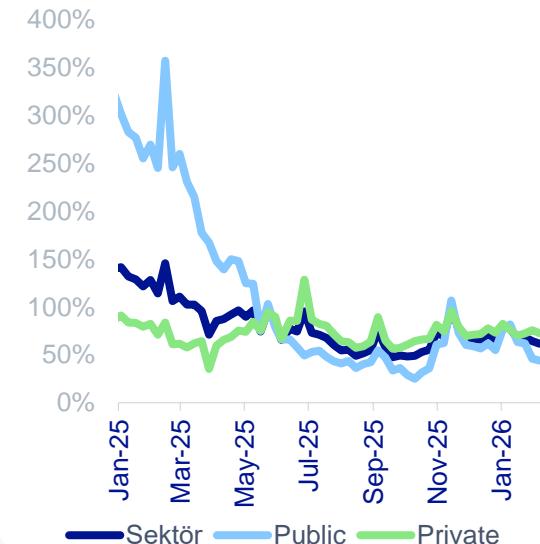
## CONSUMER CREDIT GROWTH 13 WEEK ANNUALIZED, DEPOSIT BANKS



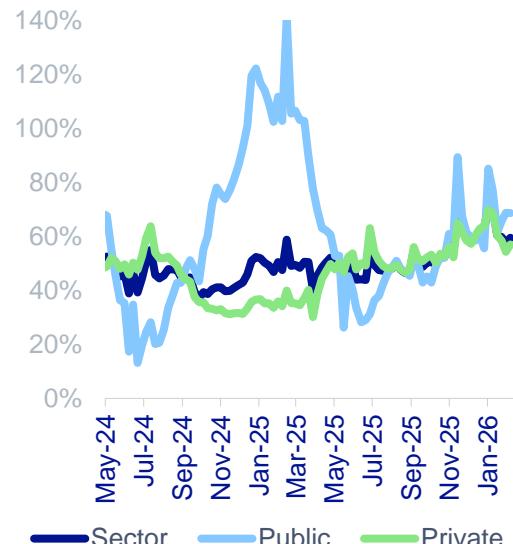
Mainly, credit cards and overdraft loans become the determining factor btw differentiation of public and private banks.

# Credit card and GPL growth rates continue to remain above CPI trend

## OVERDRAFT CONSUMER LOANS 13 WEEK ANNUALISED, DEPOSIT BANKS



## GENERAL PURPOSE LOANS 13 WEEK ANN., DEPOSIT BANKS



## CREDIT CARD GROWTH 13 WEEK ANNUALIZED, DEPOSIT BANKS

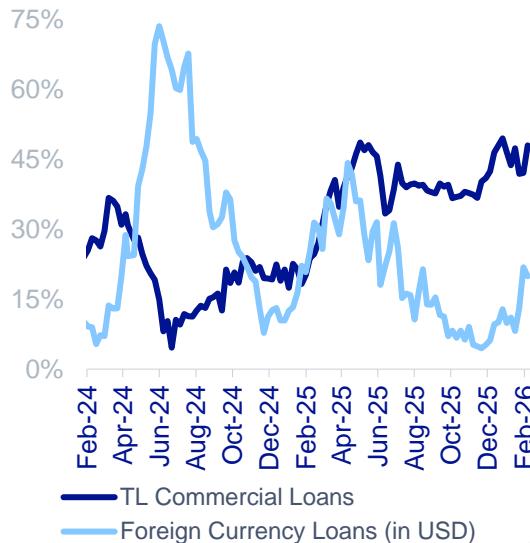


However, with the new regulations impact, deceleration in overdraft loans and credit card happened as of first week of Feb26. On the other hand, these limitations might accelerate GPL loans, (other than overdraft loans).

# FC credit growth, also partly led by parity impact, was being pushed by public banks' SME segment since Dec25

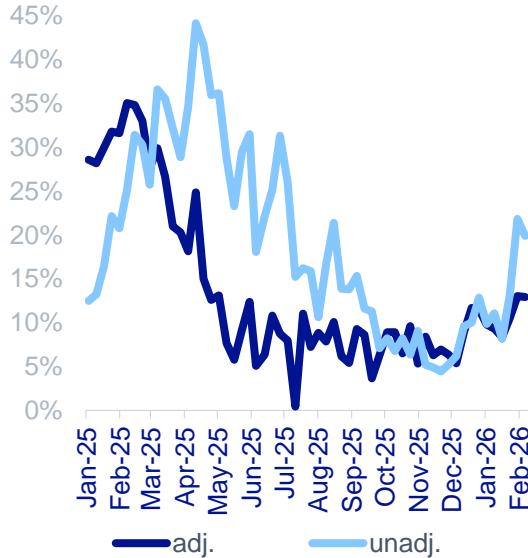
## COMMERCIAL CREDITS

13 WEEK ANNUALISED, DEPOSIT BANKS



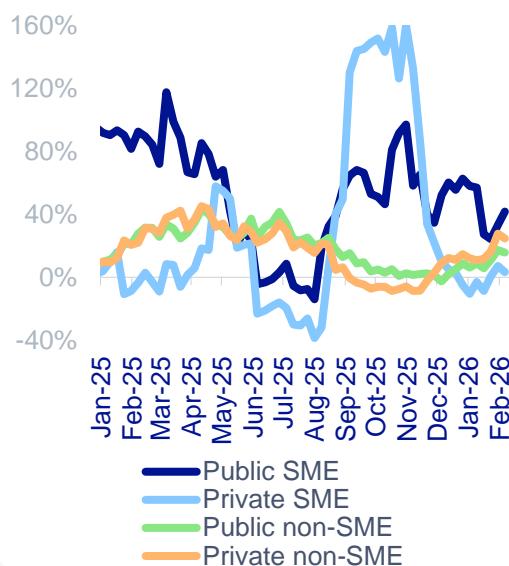
## FC CREDIT GROWTH

13 WEEK ANNUALIZED, DEPOSIT BANKS



## FC CREDIT GROWTH

13 WEEK ANNUALIZED, DEPOSIT BANKS

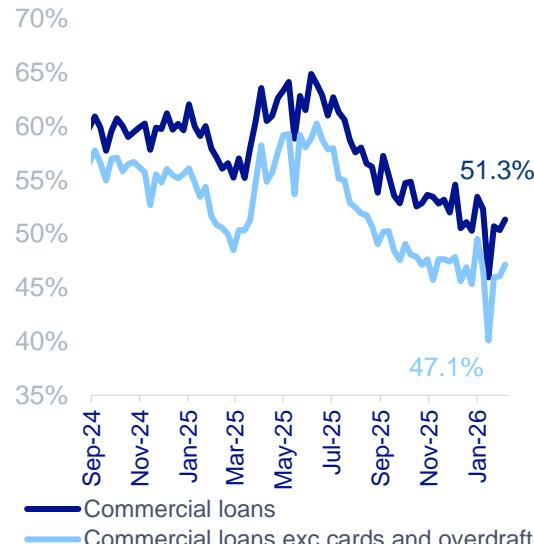


However, the 8 week FC credit growth cap is reduced to 0.5% from 1%, which will decelerate the growth in this segment further.

# The fall in TL credit rates happens very slowly with the avg. commercial rate hovering around 47%

## TL COMMERCIAL CREDIT INTEREST RATES

WEEKLY, COMPOUND, FLOW



## TL SME COMMERCIAL CREDITS GROWTH

13 WEEK ANNUALIZED



## TL NON-SME COMMERCIAL CREDITS GROWTH

13 WEEK ANNUALIZED



Due to caps and hence pricing behavior of banks, TL credit rates were volatile in January, moving inside the wide range of 40% and 50% interest rate window. However, TL SME credits will be supported with the recently announced credit packages.

# Euro credit rates stay much below USD rates with the rising share of euro credits in some of the peer banks

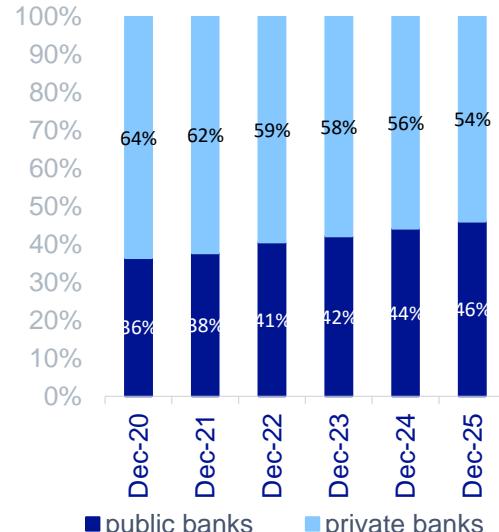
## FC CREDIT RATES 4 WEEK AVERAGE



## FC CREDIT (USD) GROWTH: PUBLIC AND PRIVATE BANKS 13 WEEK ANNUALIZED, DEPOSIT BANKS



## FC CREDIT (USD) SHARE % IN TOTAL, DEPOSIT BANKS

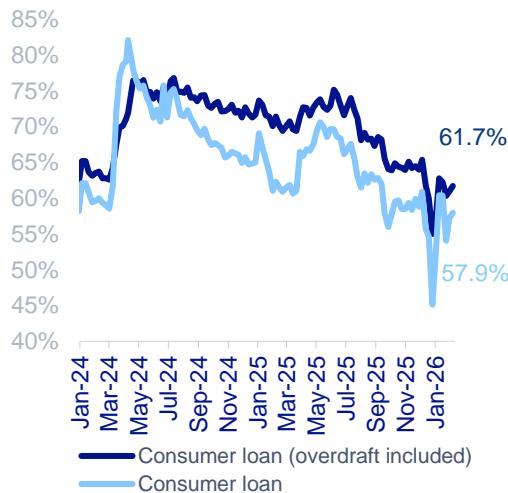


The growth rates of FC credits is around the same levels in the sector with public banks' increasing market share.

# Volatility in consumer rates becomes more visible in GPL rates which rose to Oct25 level of 60% in Jan26.

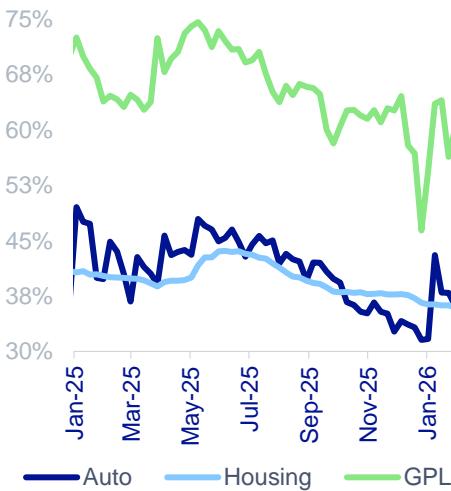
## CONSUMER CREDIT RATES

WEEKLY, COMPOUND, FLOW



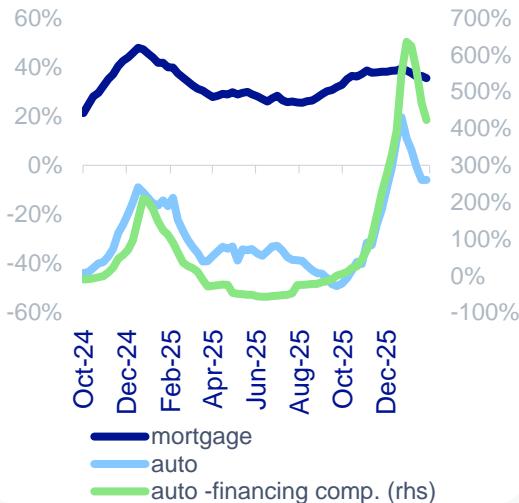
## CONSUMER CREDIT RATES

WEEKLY, COMPOUND, FLOW



## CONSUMER\* CREDIT GROWTH

13 WEEK ANN., DEPOSIT BANKS&  
FINANCING. COMP

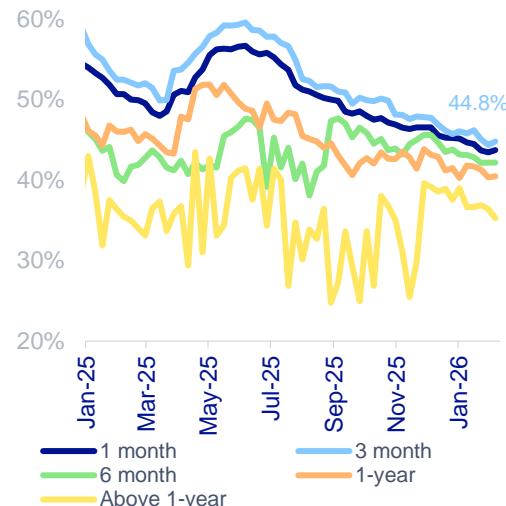


Only mortgage rates have been falling slowly but continuously since July25. 26% of auto credits are provided by financing companies where this segments' growth rate keeps moving up since Sep25, as a possible side effect of the caps.

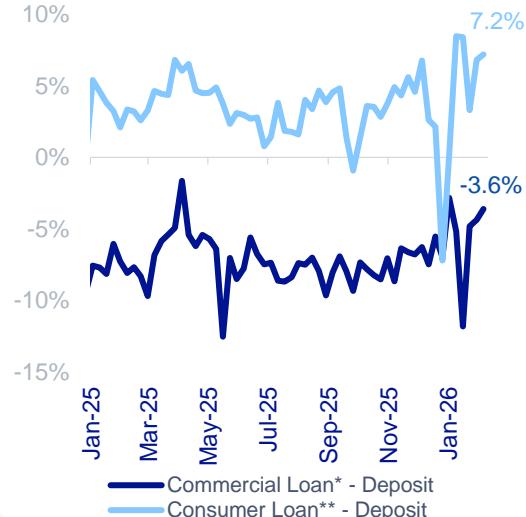
# Liquidity

# Both TL deposit and adjusted FC deposit growth rates have been decelerating since mid-Jan26

## TL DEPOSIT INTEREST RATES %, FLOW, SECTOR, WITHOUT RR COST



## TL INTEREST RATE SPREAD %, FLOW, SECTOR, INC. RR COST



## DEPOSIT GROWTH RATE % 13 WEEK ANNUALIZED



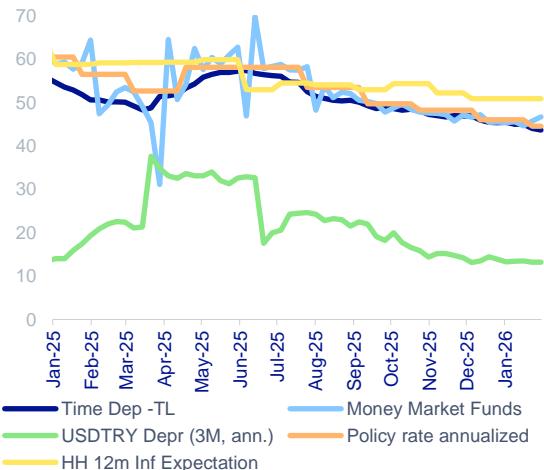
\* Excluding overdraft loans

\*\* Excluding overdraft loans and credit cards

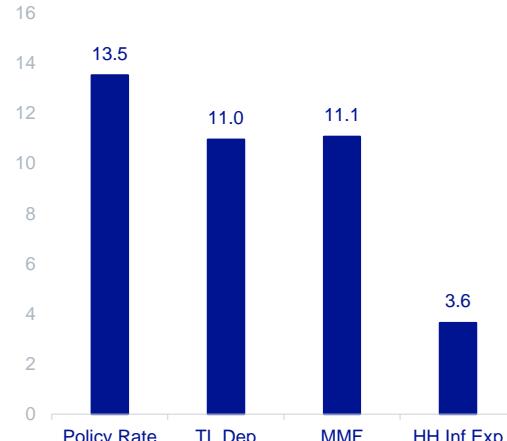
With the rise in credit rates, deterioration of consumer spreads in December improved in Jan26.

# The CBRT is required to keep TL rates as attractive as possible to maintain savings mostly in TL

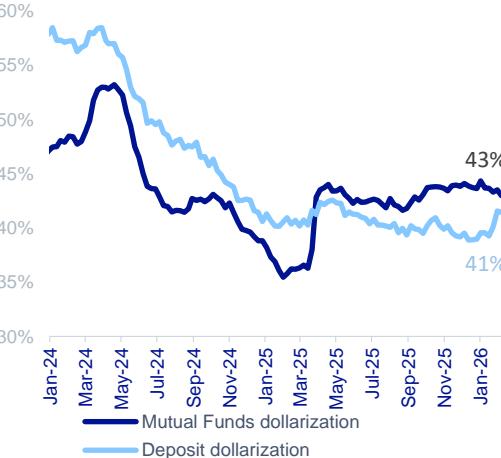
## RELATIVE RETURNS & EXPECTATIONS (% annualized)



## DECREASE IN RATES (from July 19th, compounded)



## RESIDENTS' DOLLARIZATION RATIO\* (%)



Source: CBRT, TURKSTAT and Garanti BBVA Research

\*\* FC Funds consist of FC Hedge Funds, Eurobond Funds and Precious Metals Funds

Source: TEFAS and Garanti BBVA Research

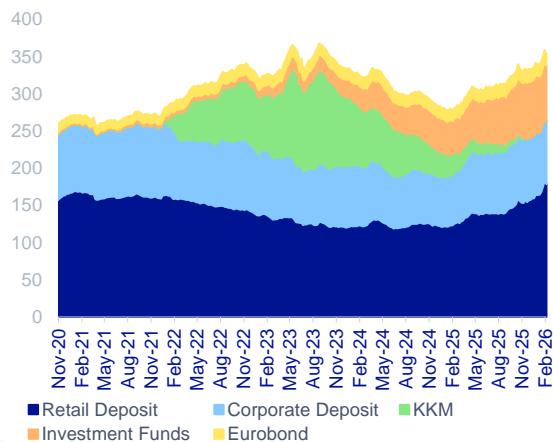
Source: TEFAS, BRSA and Garanti BBVA Research

Return for TL deposits and money market funds stay well above USDTRY depreciation trend, but household inflation expectations still require high incentives for holding TL.

# FC fund demand weakened, and household demand for precious metals is seen in FC deposits

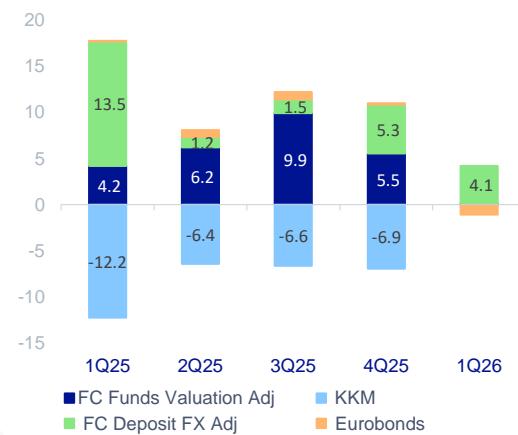
## FC PRODUCTS OF RESIDENTS

(\$USbn, as of Feb 6th)



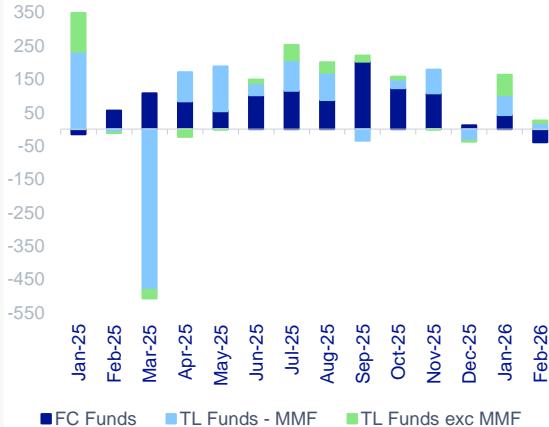
## CHANGES IN FC PRODUCTS\* OF RESIDENTS

(\$USbn, as of Feb 6th)



## INVESTMENT FUNDS NET FLOW

(BN TL, exc valuation effects, as of Feb 6th)

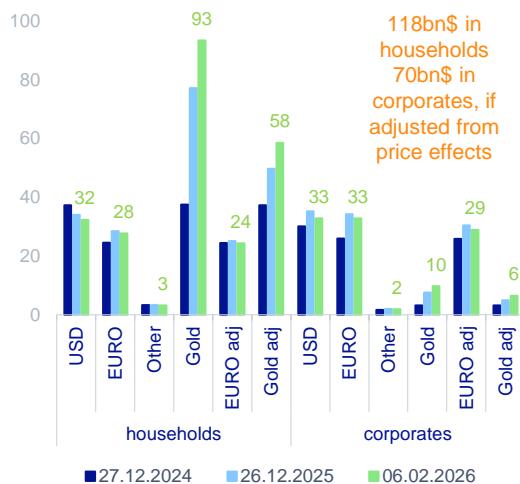


\* FC Funds consist of FC Hedge Funds, Eurobond Funds and Precious Metals Funds. TL Funds include Money Market Participation & Hedge Funds, Stock Market Funds, Debt Securities Funds, TL Hedge Funds and TL Variable Funds, 1Q26 refers to the period up to Feb 6th.

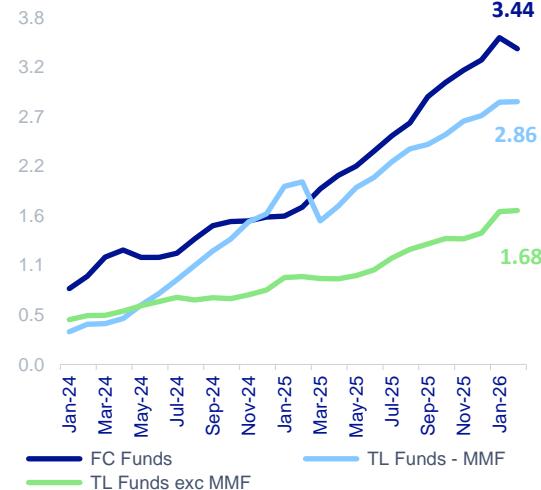
Following the internal shock in March, net demand for FC products continued, albeit at a contained pace during 2025.

# The increased value of gold has added to the wealth effects on particularly households

## FC DEPOSITS VOLUME OF RESIDENTS (BN USD)



## SIZE OF INVESTMENT FUNDS\* (TRN TRY)



## GOLD STOCK OF RESIDENTS OUT OF FINANCIAL SYSTEM (BN USD & ton)



\* FC Funds consist of FC Hedge Funds, Eurobond Funds and Precious Metals Funds

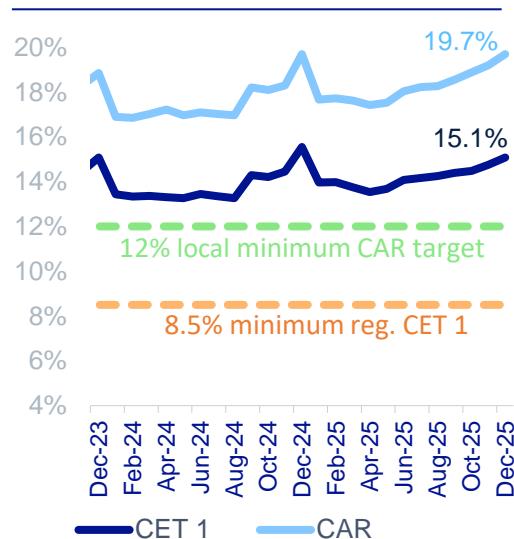
Source: CBRT, TEFAS & Garanti BBVA Research

The CBRT aims to allow only a gradual dollarization in order to well manage the perception and help disinflation process via expectations.

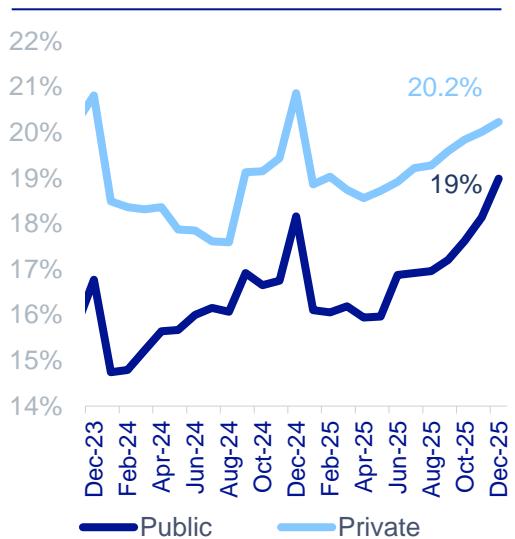
# Solvency and Capital Adequacy

# Rise in CET 1 capitals, supported by profitability, moved up CARs in Dec, especially in public banks

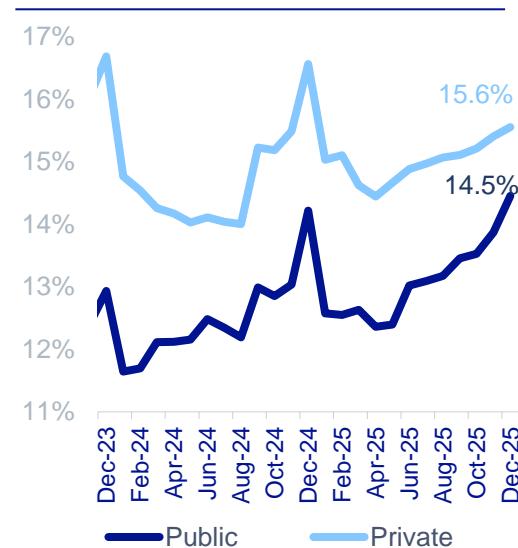
CAPITAL ADEQUACY RATIO (CAR) AND CET 1 RATIO\* (%)



CAPITAL ADEQUACY RATIO %



CET 1\* RATIO %



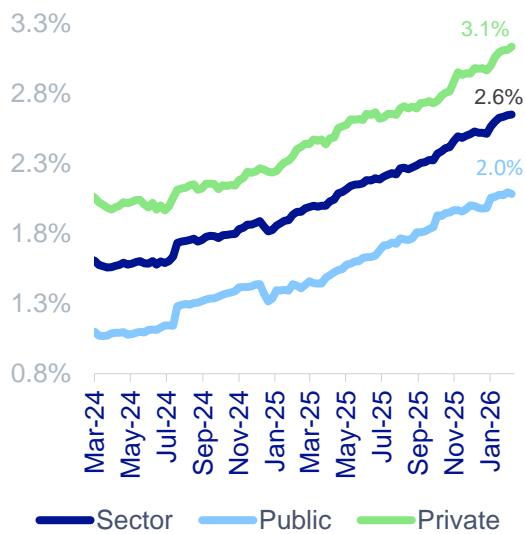
\* Common Equity Tier 1.  
Source: BRSB and Garanti BBVA Research.

# Asset Quality

# The steady rise in NPL ratio seems to have stopped in Jan, following the announced restructuring decisions

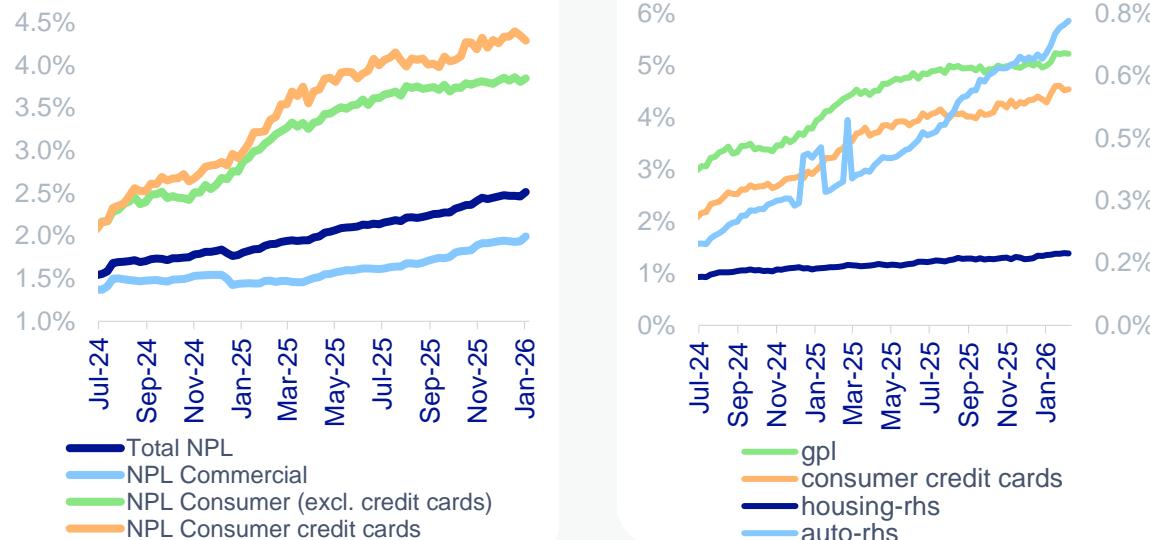
## NPL RATIO

%



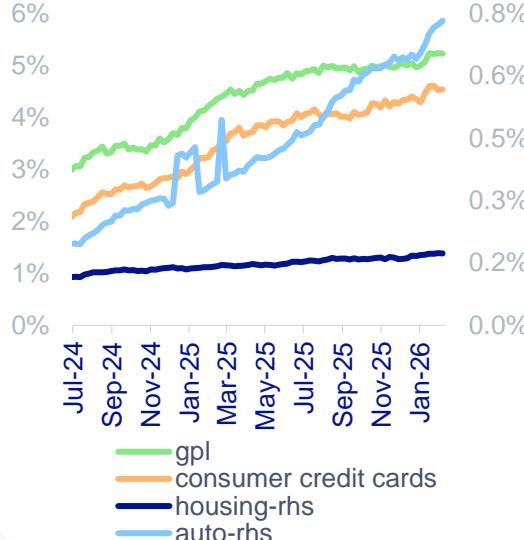
## NPL RATIO IN SUBSEGMENTS

%



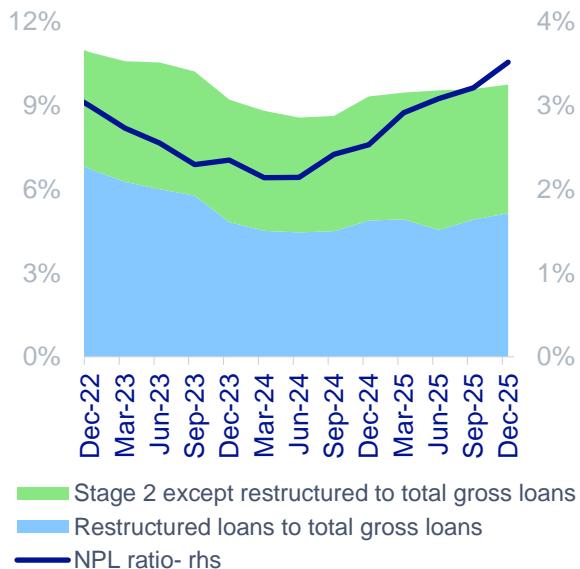
## NPL RATIO, CONSUMER LOANS

%



# Average NPL ratio of peer private deposit banks\* ended the year with 3.5%

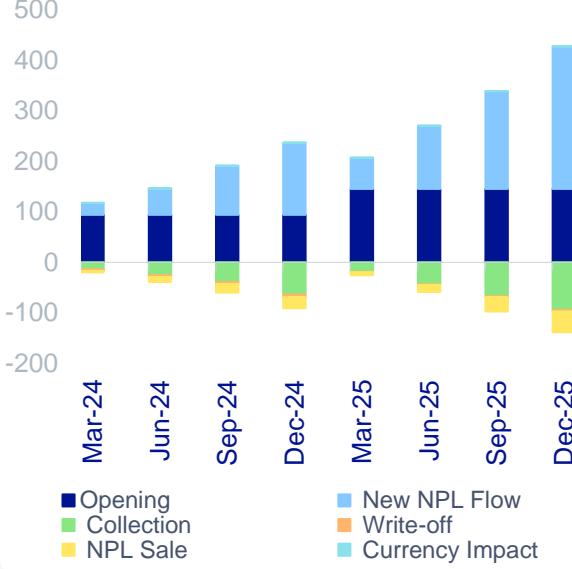
## RATIO OF STAGE 2 LOANS & RESTRUCTURED LOANS: PEER PRIVATE DEPOSIT BANKS\*



## RESTRUCTURED LOANS IN PRIVATE PEER DEPOSIT BANKS\* Bn TL



## NPL MOVEMENTS PEER PRIVATE BANKS\* Bn TL



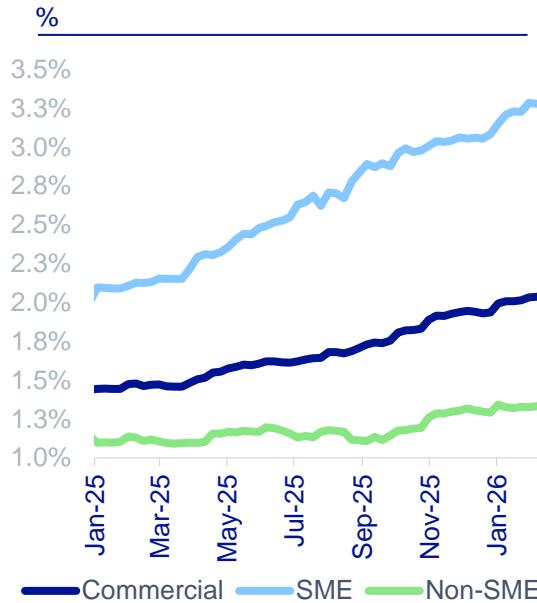
\* Data includes 4 top private peer banks.

Source: KAP (Public Disclosure Platform), Garanti BBVA Research.

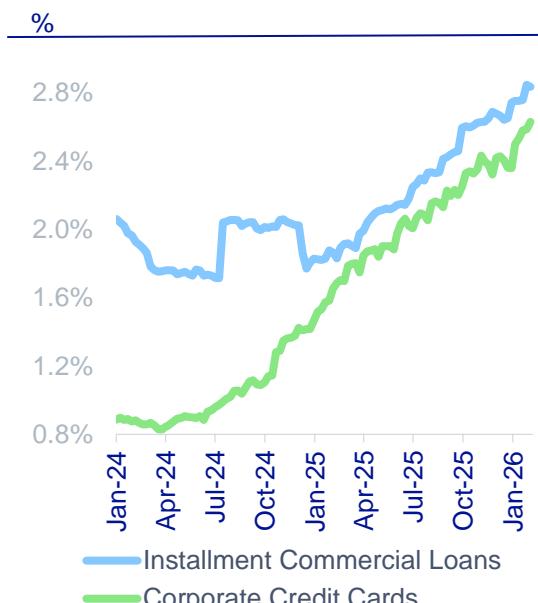
# SME NPL ratio has stabilized thanks to improvement in collections, but corporate CC NPL keeps an upward trend

BBVA  
Research

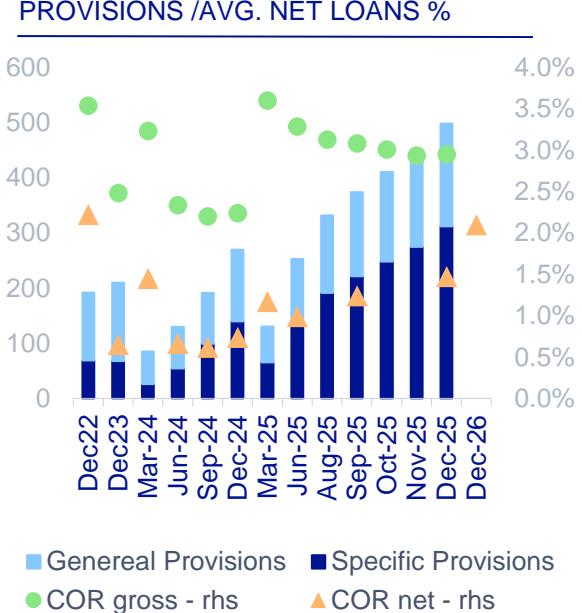
## NPL RATIO IN COMMERCIAL LOANS %



## NPL RATIO IN COMMERCIAL LOANS %



## COST OF RISK (COR) IN DEPOSIT BANKS\* BN TL & LOAN LOSS PROVISIONS / AVG. NET LOANS %

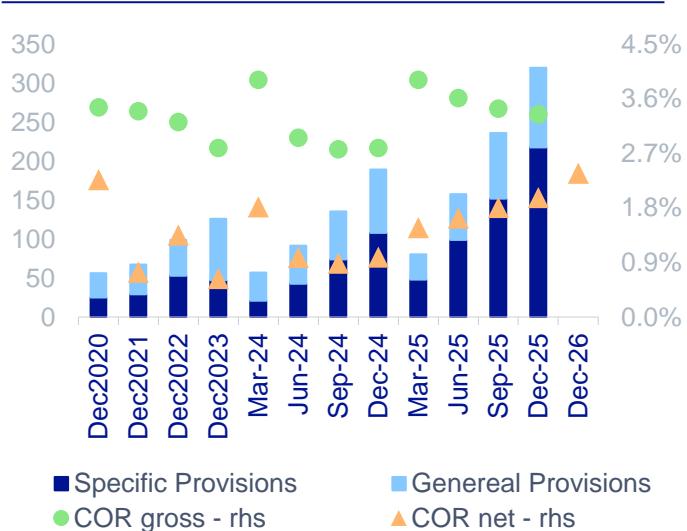


\*Due to public data restriction, we use peer banks' data as a proxy for the net CoR estimation for 2025 and 2026  
Source: CBRT, BRSA and Garanti BBVA Research.

# Loan loss provision increase was higher in public banks in Dec25, moving gross CoR slightly up

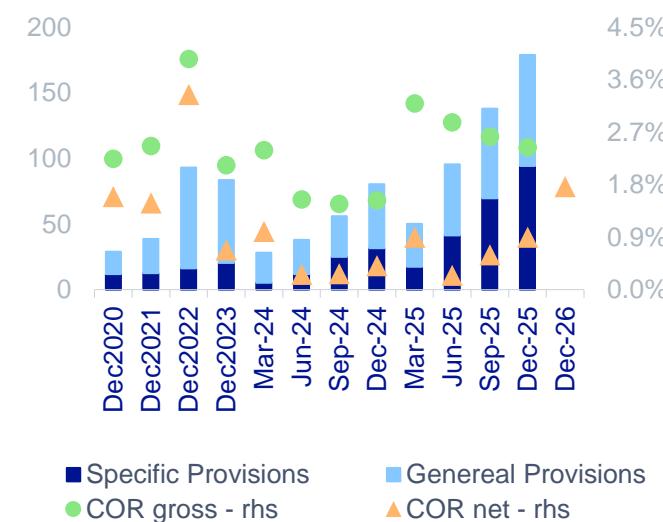
## PRIVATE BANKS: PROVISIONS & CoR\*

BN TL & LOAN LOSS PROVISIONS / AVG. NET LOANS %



## PUBLIC BANKS: PROVISIONS & CoR\*

BN TL & LOAN LOSS PROVISIONS / AVG. NET LOANS %



\*Due to public data restriction, we use peer banks' data as a proxy for the net CoR estimation for 2025 and 2026

Source: CBRT, BRSA and Garanti BBVA Research.

# Both the volume of protested bills and returned checks rose in Dec25

## AMOUNT OF PROTESTED BILLS / GDP (% 12M ROLLING)



## AMOUNT OF RETURNED CHECKS/ GDP

(% 12M ROLLING)



## RETURNED CHECKS/PRESENTED CHECKS

(%)



The downward move of returned checks to presented ones in Dec is due to higher increase in presented checks volume.

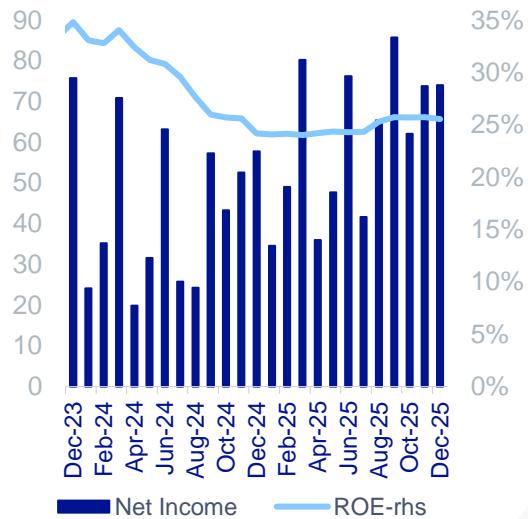
# Profitability

# Monthly net income rise in Dec25 was limited in deposit BBVA banks, with cumulative RoE falling slightly to 25.6%

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Research

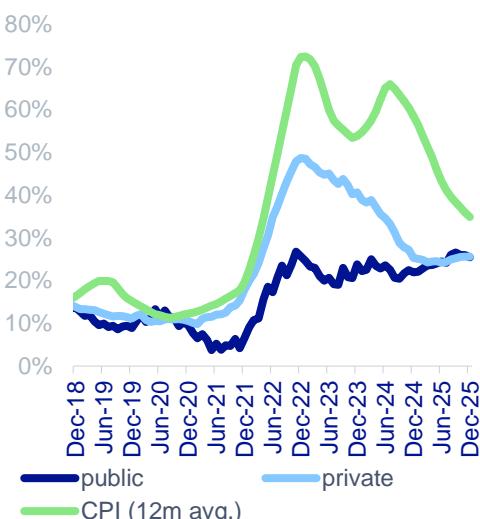
## NET INCOME & RETURN ON EQUITY (ROE)

BN TL MONTHLY, % 12M CUMULATIVE



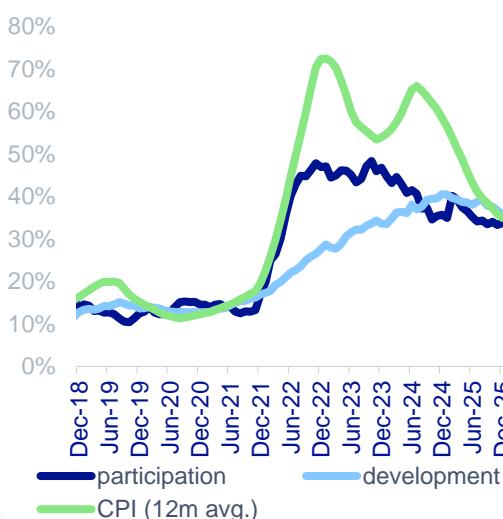
## RETURN ON EQUITY (ROE)

%12M CUMULATIVE, DEPOSIT BANKS



## RETURN ON EQUITY (ROE)

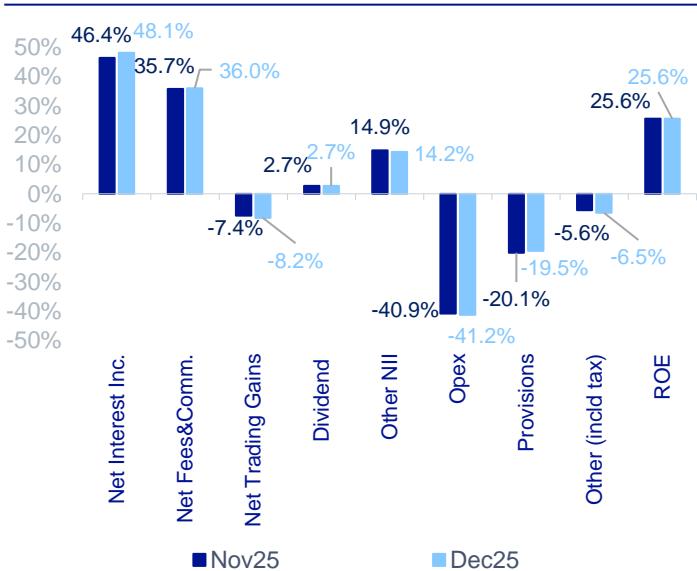
%12M CUMULATIVE, PARTICIPATION & DEVELOPMENT BANKS



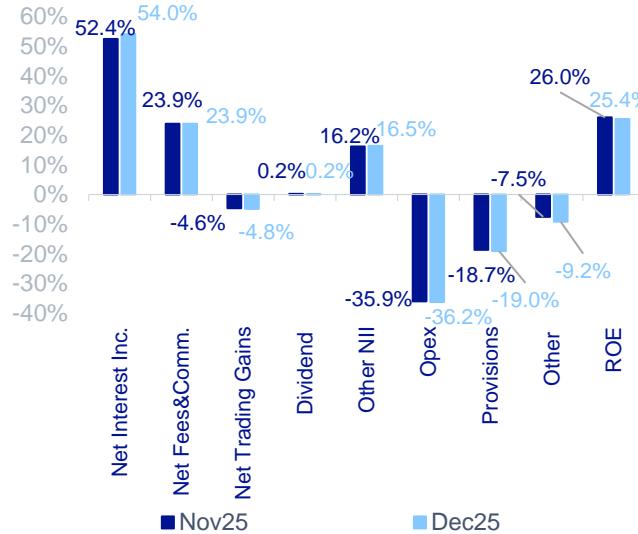
Public banks' net income declined whereas the increase in private banks was very limited. Participation banks' mom income increase realized very strong.

# RoE of public and private banks differentiated mainly via their NII, opex and provisions in Dec25

## ROE COMPONENTS OF PRIVATE BANKS %, 12M CUMULATIVE



## ROE COMPONENTS OF PUBLIC BANKS %, 12M CUMULATIVE

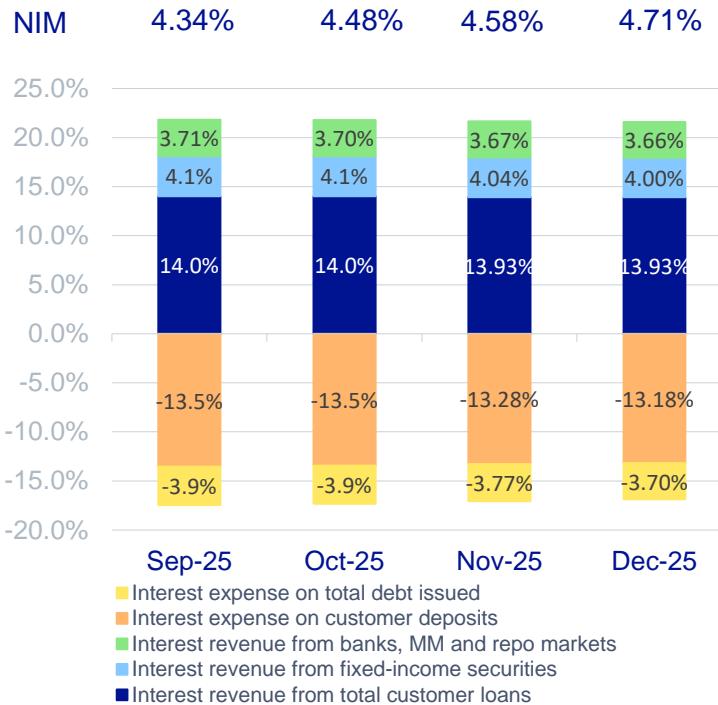


The one-off tax expenses\* of 4Q25 had a substantial negative impact on net income (seen in «Other»).

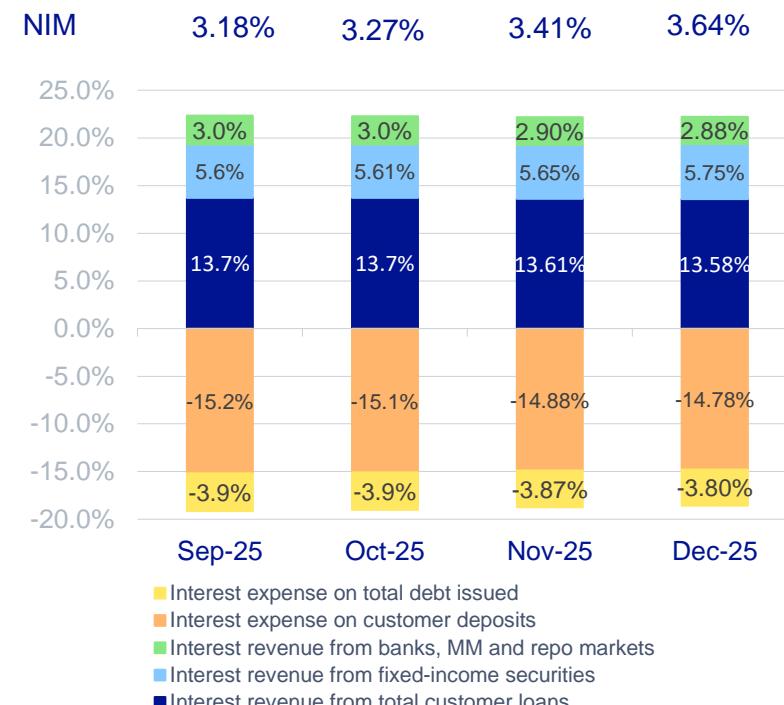
\* The abolition of inflation accounting in calculating tax financials created a one time negative impact on 4Q25 financials causing an increase in the effective tax rate applied to net income.

# In NIM components, private and public banks mainly differentiated via their securities revenue in Dec25

## NIM\* COMPONENTS OF PRIVATE BANKS



## NIM\* COMPONENTS OF PUBLIC BANKS



\*annualized

Source: CBRT, BRSA and Garanti BBVA Research.

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