

June 2026

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Türkiye: Quarterly Debt Outlook

Key messages

Households



The CBRT's further restrictions on retail credit continued to restrain household borrowing, leading to a stabilization in financial liabilities. Meanwhile, households' net financial wealth has weakened as asset growth decelerated. Debt service burdens remain elevated as persistent inflation has kept interest rates high, resulting in elevated borrowing costs. Following a temporary stabilization driven by restructuring measures, NPL volumes in both general-purpose loans (GPLs) and credit cards have resumed their upward trend. The GPL NPL ratio has already returned to levels close to its historical highs.

Corporates



Corporate debt-to-GDP remains historically low, while overall liquidity indicators stay solid. The CBRT's tighter limits on FX loan growth have started to take effect, with TL commercial lending expanding faster than FX lending despite higher TL borrowing costs. Most of the FX borrowing continues to be long-term and sourced domestically. Commercial NPL ratios are still at historically low levels. However, weaker export receivables became a key driver of the deterioration in the corporate sector's net FX position in 1Q26.

Public Debt



Public debt metrics remain favorable, with debt-to-GDP low and domestic debt continuing to account for around 60% of total public debt. July-August will mark the peak of TL debt redemptions in 2026, while elevated borrowing costs are expected to feed more visibly into interest expenditures from 3Q26 onward. Household and corporate participation in domestic government debt markets continues to increase, supporting the domestic investor base.

Banks



Banks maintain solid access to international funding, with long-term external debt rollover ratios remaining well above 100% (also supported by the CBRT's RR incentives that encourage longer-term external borrowing). However, external funding growth moderated in 1Q26 as security issuances slowed and geopolitical tensions weighed on borrowing activity. FX liquidity buffers remain comfortable, with FX liquid assets covering short-term external debt sufficiently.

FX position



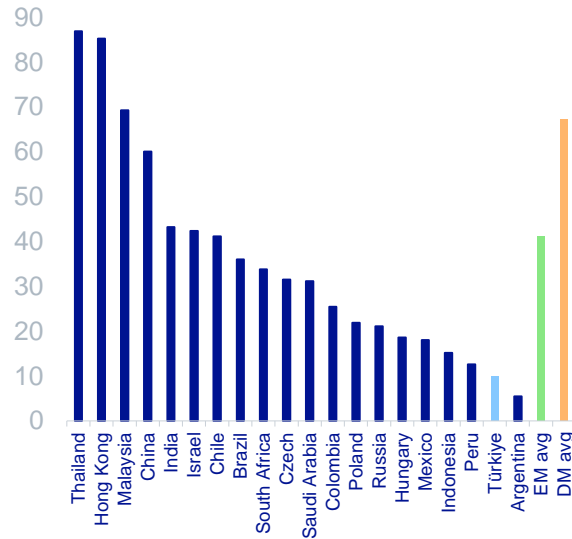
Türkiye's overall net FX position weakened in 1Q26 due to public sector, particularly lower CBRT reserves. The composition of external debt continues to shift between the public and real sectors. While the deterioration in 4Q25 was primarily driven by the real sector's widening FX short position, in 1Q26 the shift was concentrated on the public sector side, largely reflecting the decline in the CBRT reserves.

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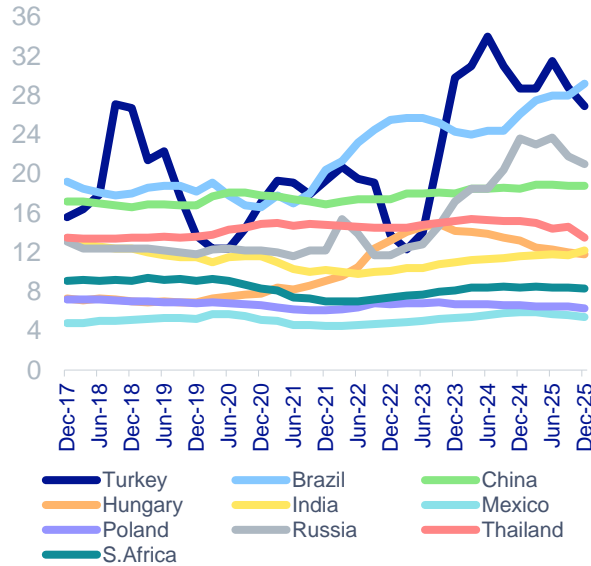
Households Indebtedness

Compared with EM peers and also DM avg., Türkiye continues to have one of the lowest household debt ratios

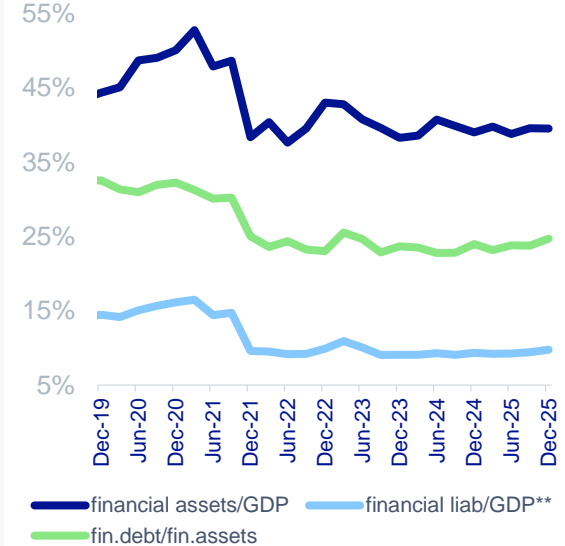
HOUSEHOLD INDEBTEDNESS
(% GDP, 1Q26-IIF)



DEBT TO SERVICE RATIO
(% BIS, latest data 4Q25)



TURKEY HOUSEHOLD FINANCIAL ASSETS & LIABILITIES (CBRT, %)

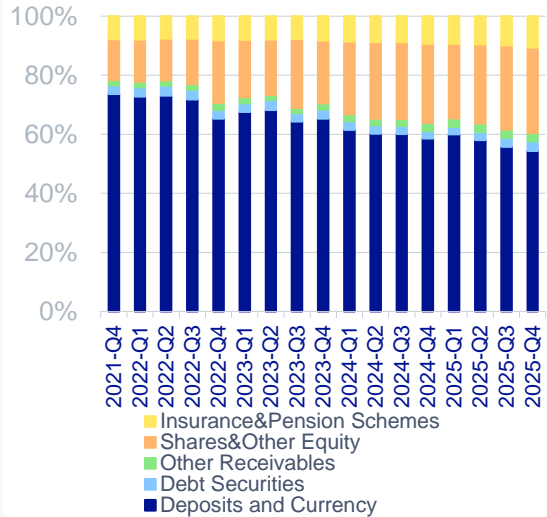


However, Turkey's DSR* (debt service ratio) has increased over the past three years, reflecting the impact of higher borrowing costs in an elevated inflation environment. The latest BIS data shows that around 27% of income is used for debt services which remains high relative to its long-run average despite some easing from the 2024 peak.

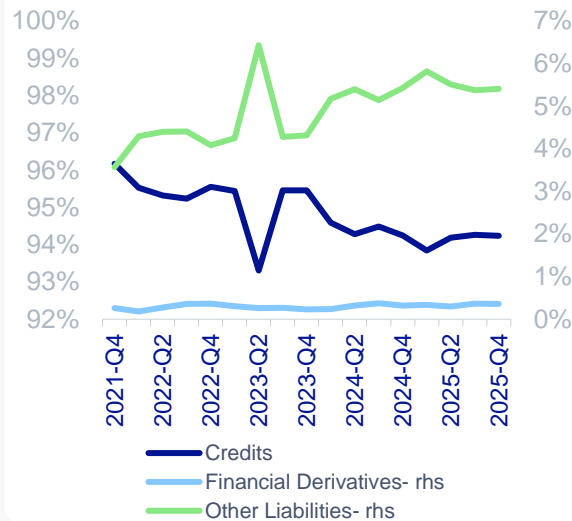
*DSRs are derived for the household sector, non-financial corporations and the total private non-financial sector
Source: CBRT Financial Accounts 4Q25, IIF 1Q26, BIS 4Q25 and Garanti BBVA Research.

Households' financial liabilities stabilized with credit growth caps. Net financial wealth has also weakened

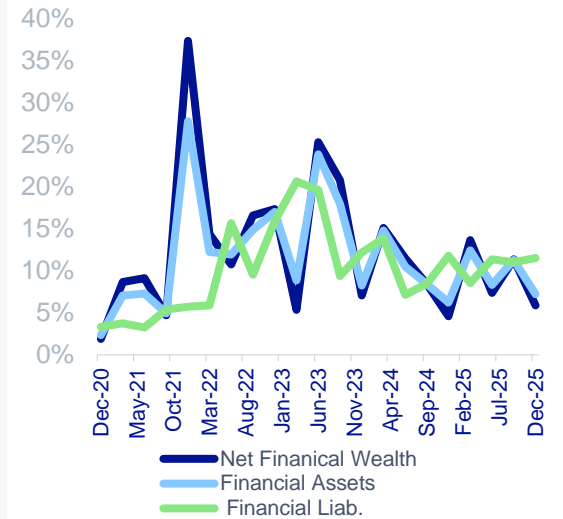
BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS* (% , HHOLDS, SHARE IN TOTAL)



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



QoQ GROWTH IN NET FINANCIAL WEALTH (% , HHOLDS)



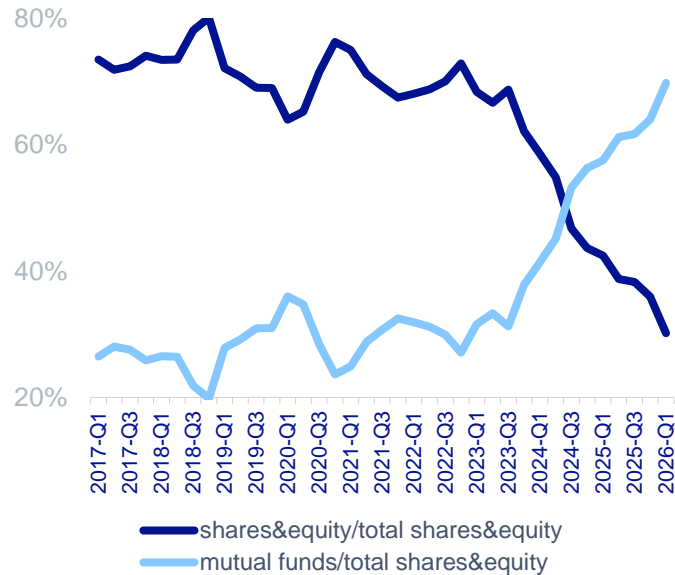
Inflows into pension schemes decelerated, partly impacted by the change in the contribution levels of the government. The share of deposits in households stood at 54% by end 2025.

*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. 1Q26 financial asset variables are estimated using CBRT, TEFAS and TSPB data.

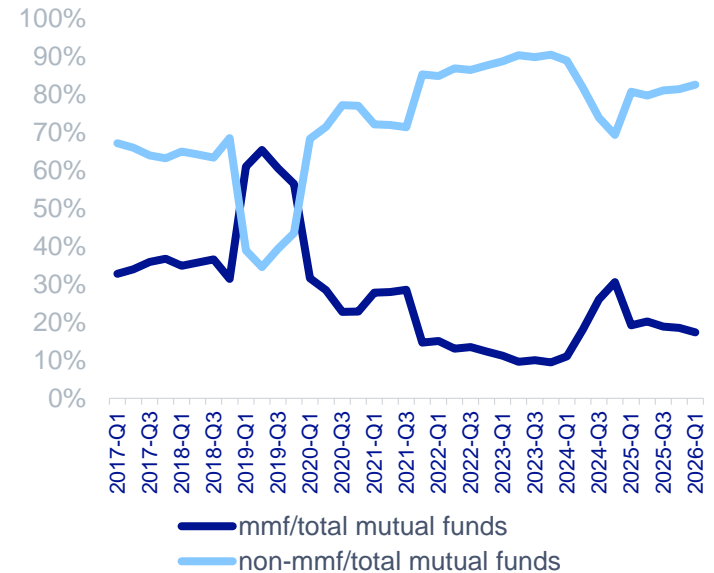
** Shares & other equity consists of shares & equity and mutual funds (mmf & non-mmf) investments

Households continue to invest in mutual funds whereas investments into shares declined significantly

BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (% , HHOLDS, SHARE IN EQUITY 1Q26)



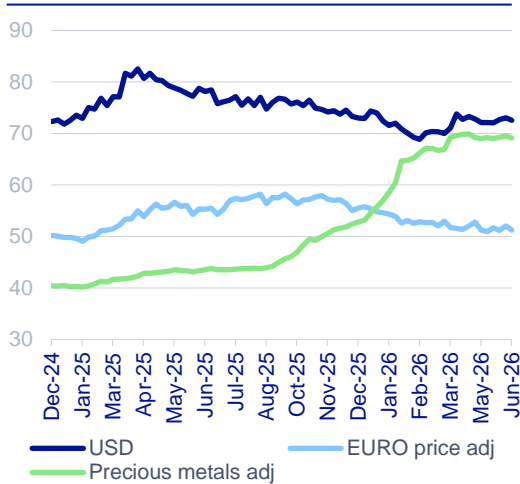
BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (% , HHOLDS, SHARE OF FUNDS 1Q26)



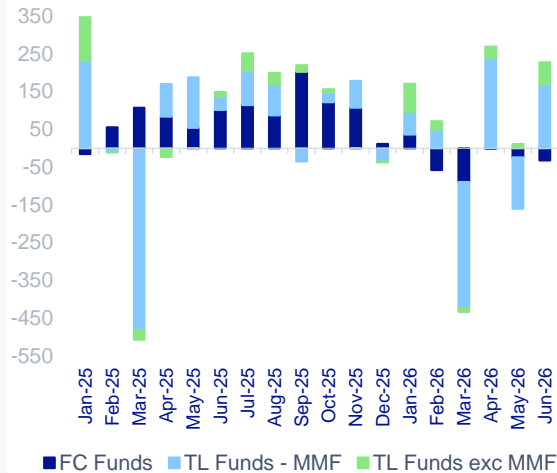
Source: CBRT Financial Accounts 4Q25, Garanti BBVA Research, TEFAS, TSPB.

Households' demand for FC & precious metals stays stable. Inflows to TL savings continue

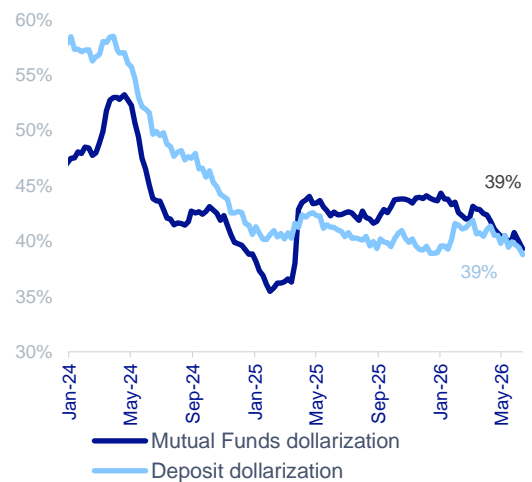
FC DEPOSITS VOLUME OF RESIDENTS (BN USD)



NET FLOWS IN INVESTMENT FUNDS (TL BN, monthly, as of June 19th)



RESIDENTS' DOLLARIZATION RATIO* (%)



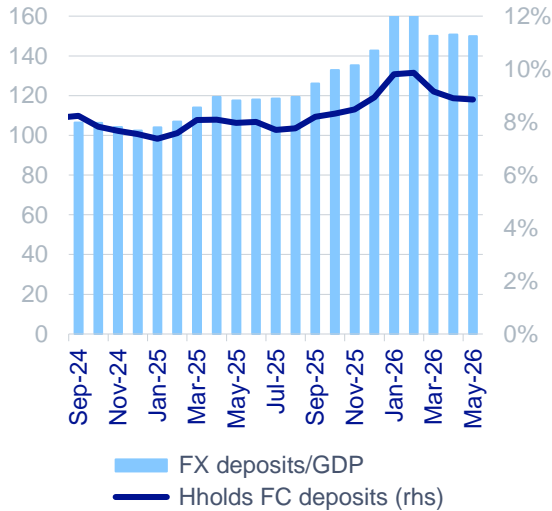
Source: CBRT, TURKSTAT, TEFAS and Garanti BBVA Research

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

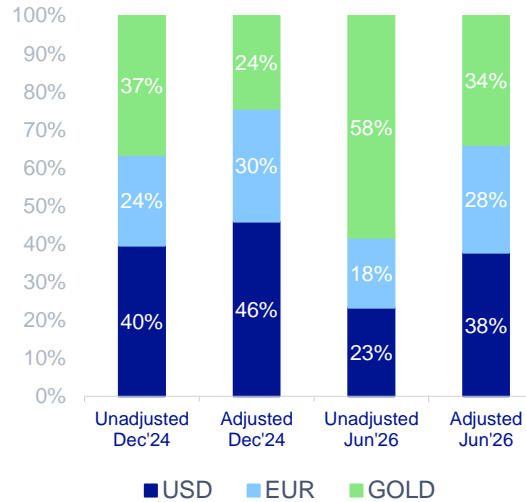
Net outflows from the money market funds in March had reversed with strong inflows in April. However, since then, net flows into MMFs have weakened due volatility in TL sovereign bond market. Yet, dollarization ratio remains at around 40% in both mutual funds and deposits.

Followed by that, FC deposit to GDP ratio has stabilized at 9%

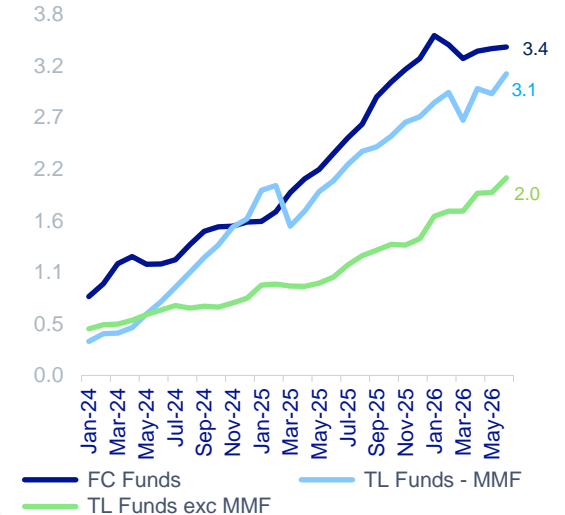
FC DEPOSITS OF HOUSEHOLDS (% GDP & bn USD)



HOUSEHOLD FC DEPOSIT COMPOSITION** (%)



SIZE OF INVESTMENT FUNDS (trillion TL)



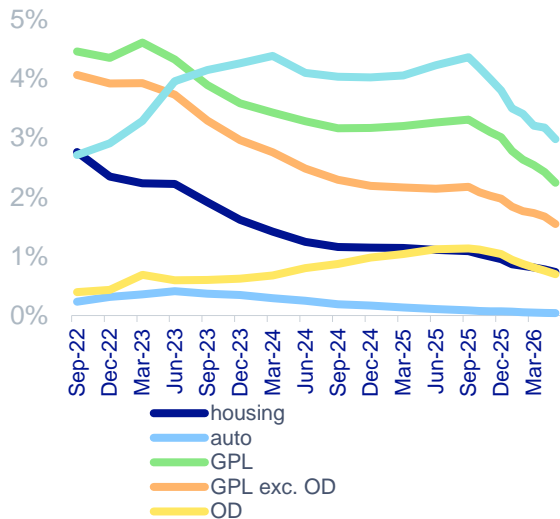
* For more on the valuation effect of non-financial assets of hholds, see the first CBRT Inflation Report of 2025.

** According to Jun 12th data. Adjusted data is controlled for gold price and parity effects as of end 2019

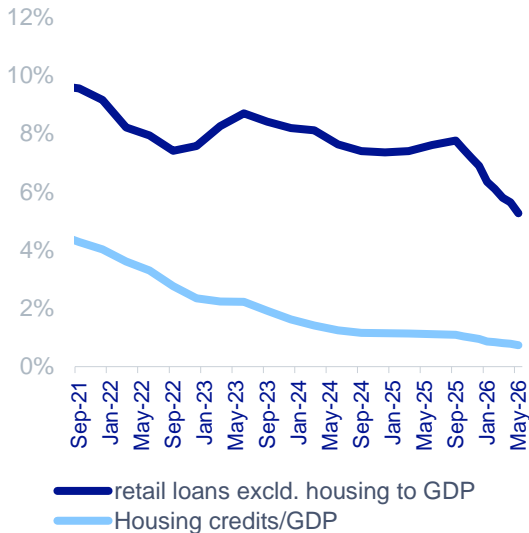
Source: CBRT, TEFAS, TURKSTAT and Garanti BBVA Research.

Housing & auto loans keep their low share and low growth in overall consumer credits

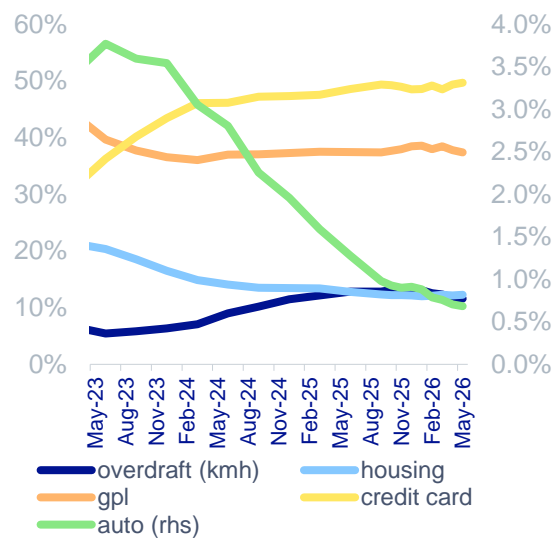
CREDIT SEGMENTS TO GDP
(%, BANKING SECTOR)



CREDIT SEGMENTS TO GDP
(%, BANKING SECTOR)



SHARE OF CONSUMER CREDITS IN TOTAL RETAIL CREDITS (%)



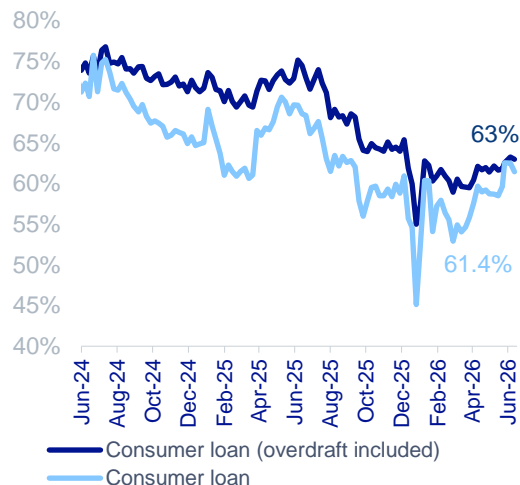
Compared to previous quarters, credit to GDP ratios declined in all segments in 2Q26 with additional squeeze of the CBRT on credit growth caps*. The BRSA had also introduced 8-week growth limit (2%) for overdraft account (KMH) limits as of February, which is also further decreased to 1% in May.

Source: CBRT, BRSA and Garanti BBVA Research.
* Limits on TL loan growth are reviewed via 8 weeks with a cumulative cap of 3% (prev. 4%) auto loans, 3% (prev. 4%)GPL, 4% for overdraft loans with more than 3 installments; 1% (prev.2%) for overdraft account limits (introduced as of 30.01.26; revised in May26) .

Overall, further restrictons on credit growth have showed their impact in all credit segments

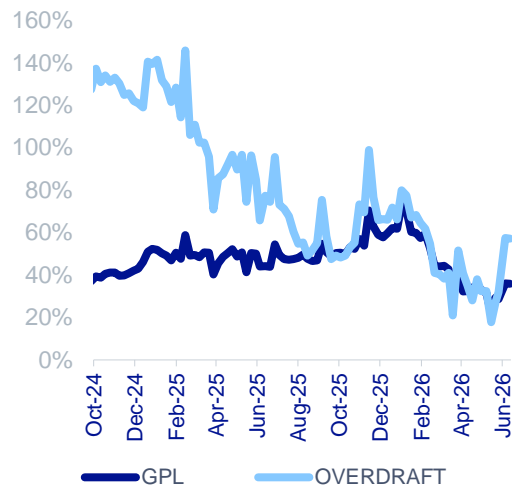
CONSUMER LOANS INTEREST RATES

(%, WEEKLY FLOW, COMPOUND)



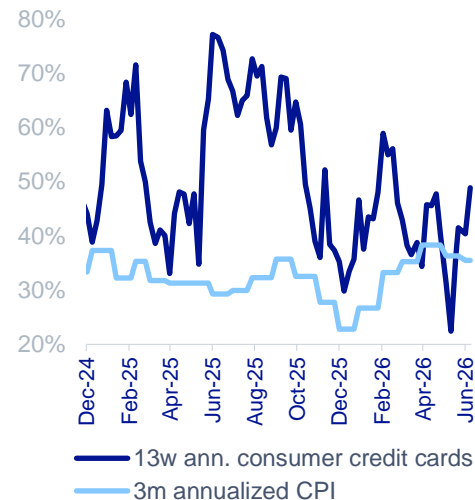
GENERAL PURPOSE & OVERDRAFT LOANS

(13W ANNUALIZED GROWTH)



CONSUMER CREDIT CARDS & CPI SA TREND

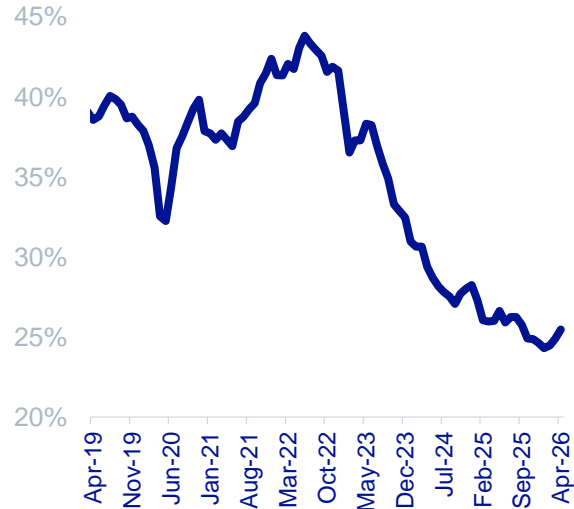
(13W ANNUALIZED GROWTH)



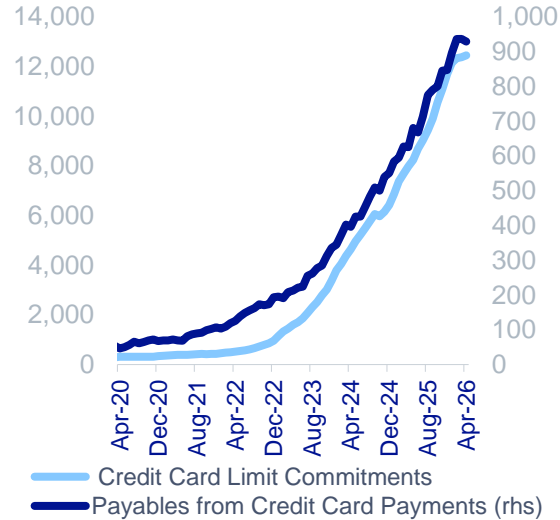
Overdraft limit is capped at a maximum of twice the customer's monthly average income, as determined based on documents accepted by banks as proof of income. The BRSA also decreased the 8 week growth limits of GPLs and auto loans from 4% to 3% as of May 22.

Retail credit card limits seem to stabilize after its fast increase previously

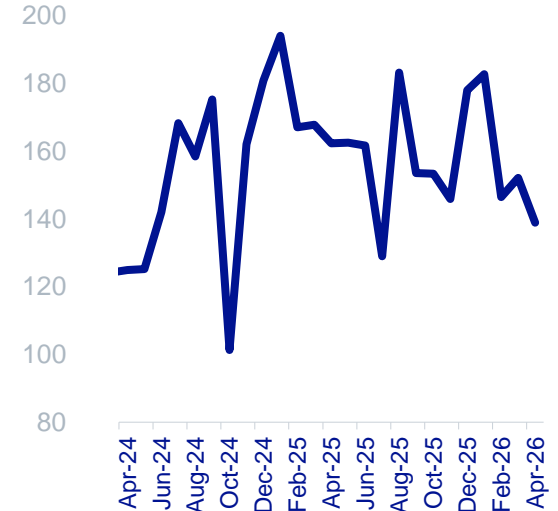
CREDIT CARD LIMIT* USAGE RATIO %



CREDIT CARD LIMIT COMMITMENTS (BN TL)



OF PEOPLE WHO DID NOT PAY CREDIT CARD DEBT in thousands



Fast increase in credit card limits and unpaid part of credit card debts have come to a halt.

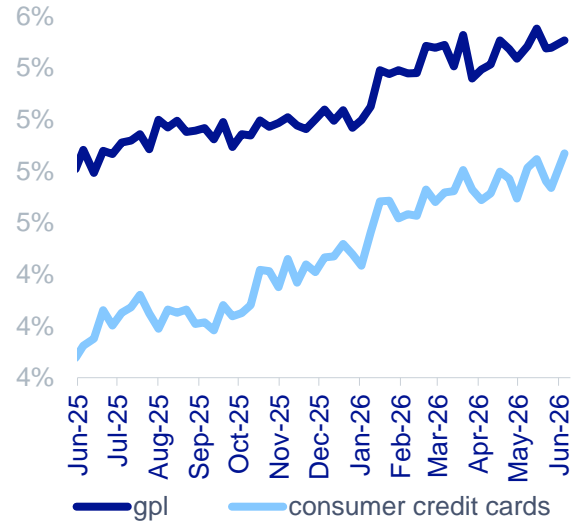
Source: TBB Risk Center, BRSA and Garanti BBVA Research.

*BRSA aims to impose restrictions on retail credit card limits. If a cardholder's total credit card limits across all banks exceed TRY 400,000; banks will partially reduce the unused credit card limits. Banks are also required to ensure that all cardholders' credit card limits are aligned with their monthly/annual average income by 2027.

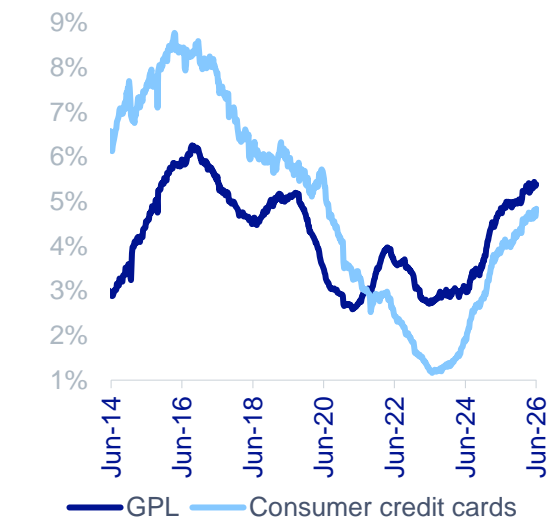
NPL ratios in retail credits gain an upward trend again, with GPL NPL ratios converging to historical highs

NPL RATIO IN RETAIL CREDITS

(%)

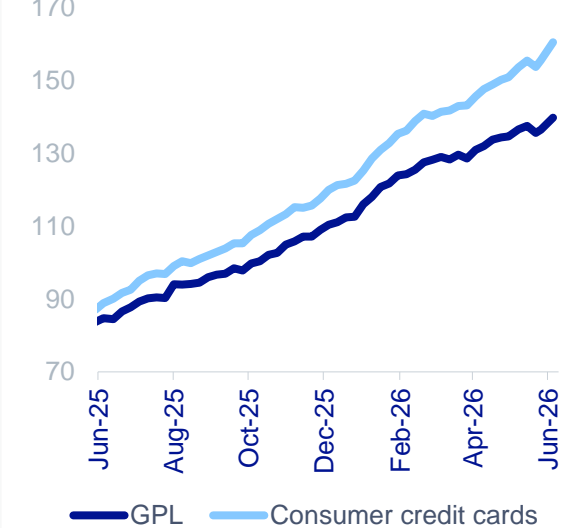


NPL RATIO IN GPLs & CONSUMER CREDIT CARDS (%)



NPL NOMINAL LEVEL (BN TL)

(BN TL)



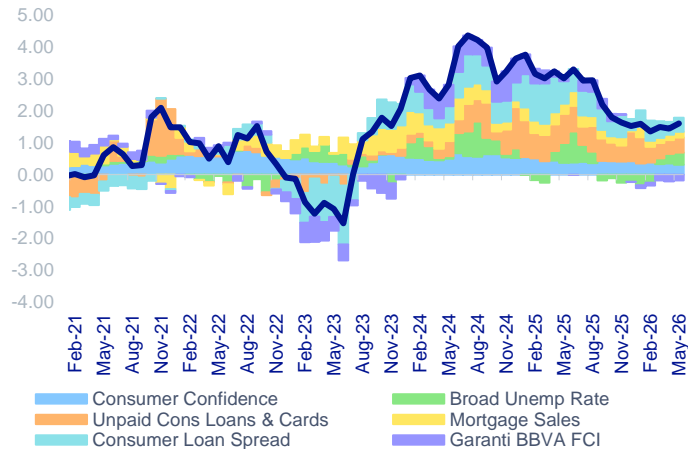
The Feb26 BRSA decision* had a stabilizing impact on the upward move of retail NPLs. However, the increase in NPL inflows and the deferred NPL deterioration from the restructured balances have again started to weigh as particularly seen in GPL NPL ratio which converges to its historical high levels.

*According to [BRSA decision](#) 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.

Slight upward move in retail financial stress in May continued to be fueled by underutilized labor

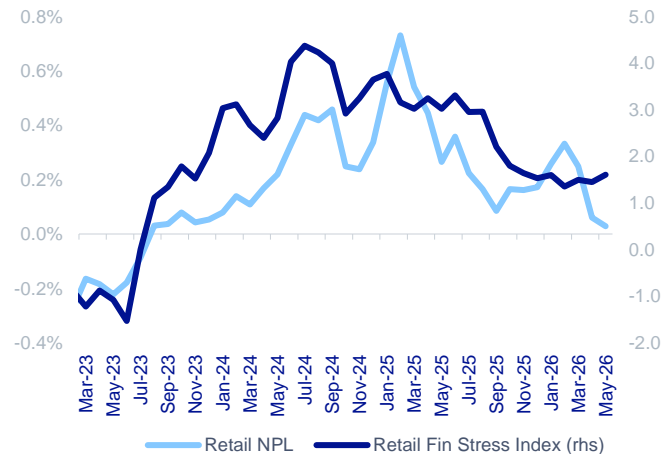
RETAIL FINANCIAL STRESS*

(factor & contributions)



FINANCIAL STRESS & NPL RATIO

(factor vs 3M change)



Source: CBRT and Garanti BBVA Research.

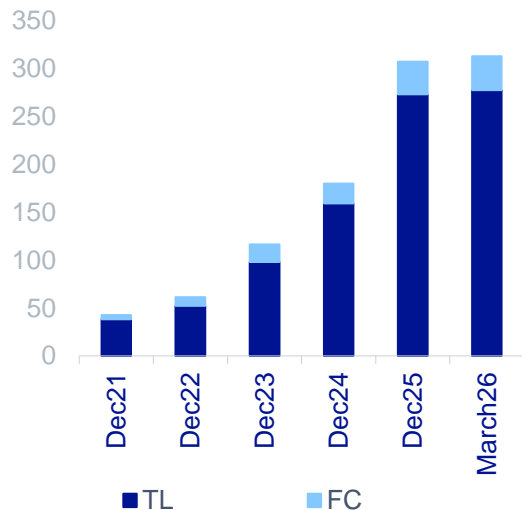
* See [here](#) for the methodology and more detailed information.

As the support from retail restructurings between Jan-Apr fade away, the slight uptick in retail financial stress continues to stem from underutilized labor.

Consumer credit growth remains to be supported by non-bank financial institutions with no growth caps

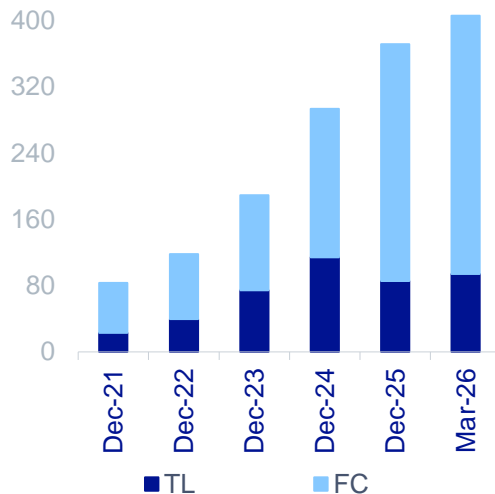
FINANCING COMPANIES

bln TL



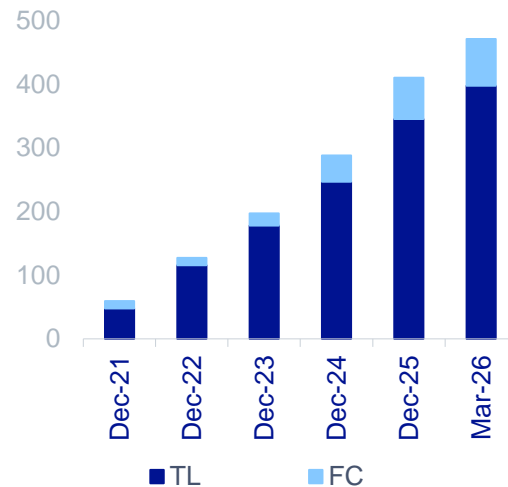
LEASING COMPANIES

Bln TL



FACTORING COMPANIES

Bln TL

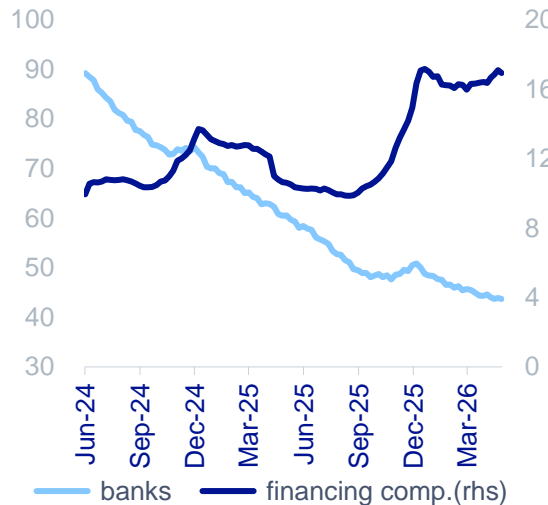


However, the total credit amounts and assets size remain very low compared to the banking sector's balance sheets.

Auto loan growth is replaced by financing companies. Maturities in auto loans have started to rise in banks

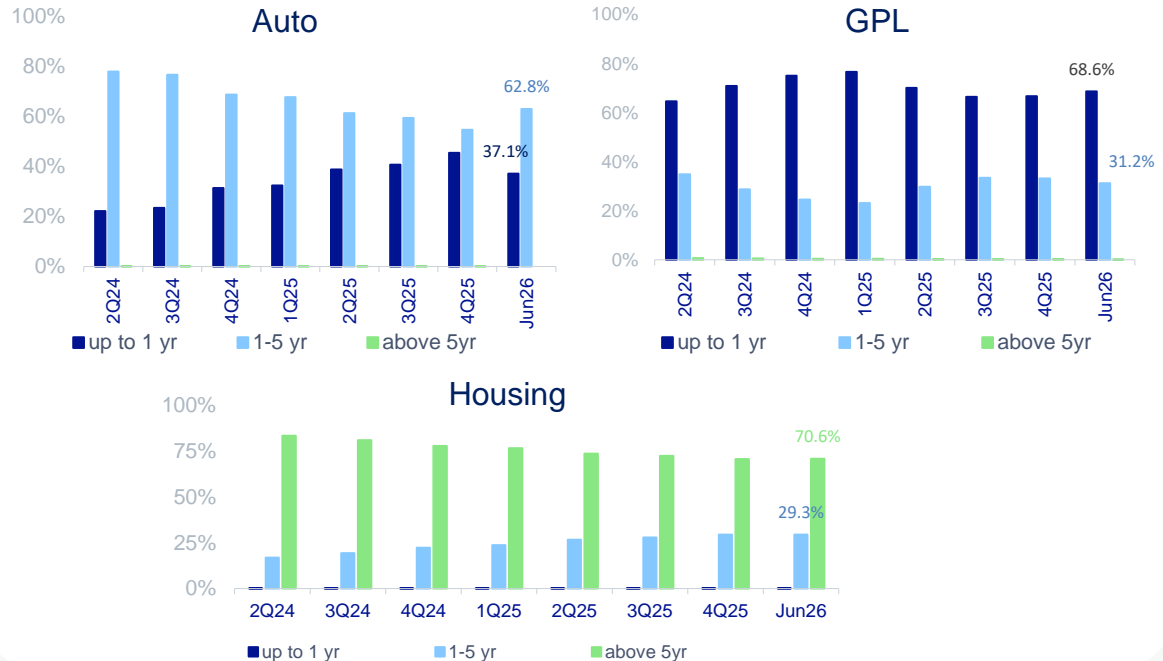
AUTO LOANS

bln TL



MATURITIES IN CONSUMER CREDITS

Share in total

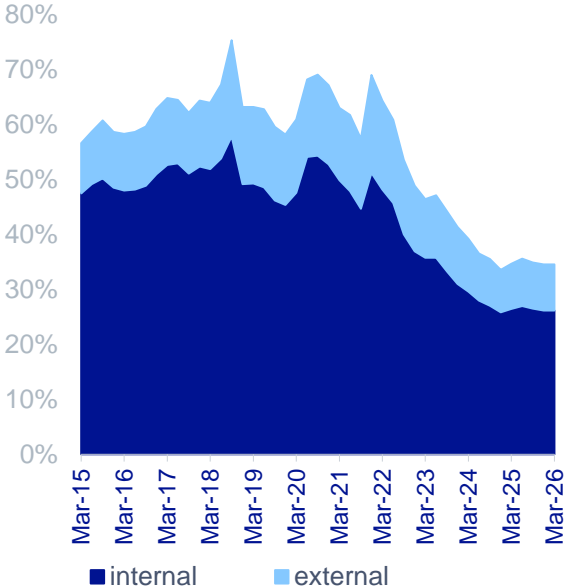


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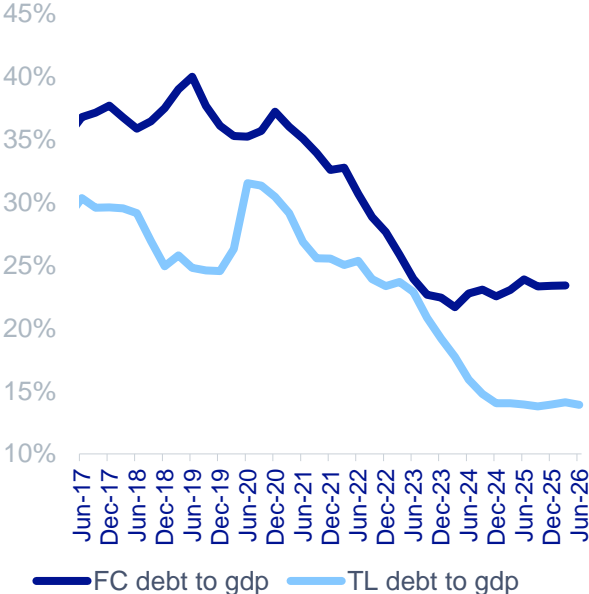
Corporates Indebtedness

Real sector's debt-to-GDP ratio remains historically low, yet with relatively a higher share of FC denominated debt

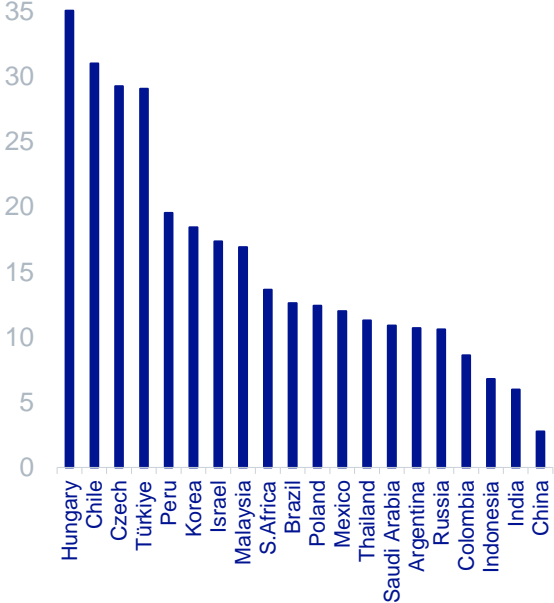
DEBT/GDP RATIO OF THE CORPORATE SECTOR (%)



DEBT/GDP RATIO OF THE CORPORATE SECTOR



FC DEBT/GDP OF CORPORATES IN PEER COUNTRIES* (% , 1Q26)

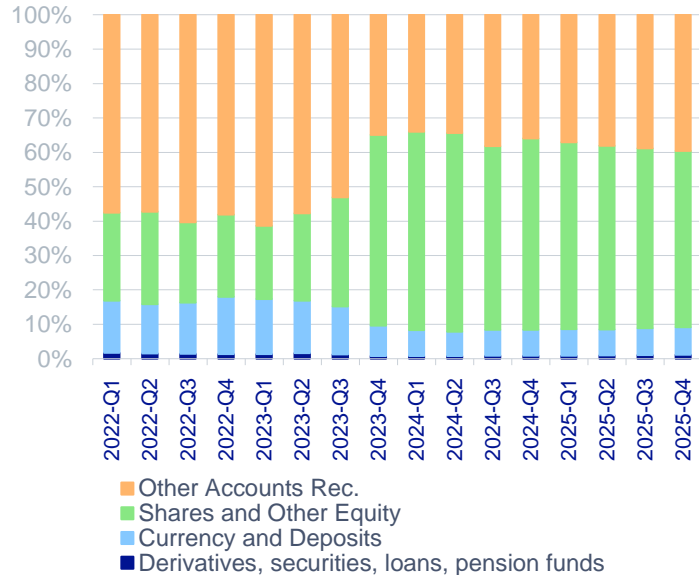


Source: *IIF last observation of 1Q26; excluding Singapore which has 60% of FC debt/GDP

The dominant investment & funding source of corporates is shares & equites

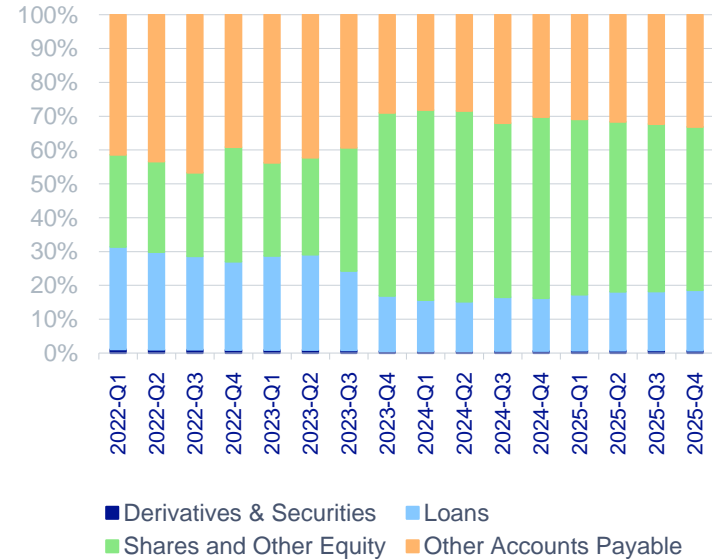
BREAKDOWN OF CORPORATES' FINANCIAL ASSETS BY INSTRUMENTS

(SHARE IN TOTAL %, 4Q25)



BREAKDOWN OF CORPORATES' FINANCIAL LIABILITIES BY INSTRUMENTS

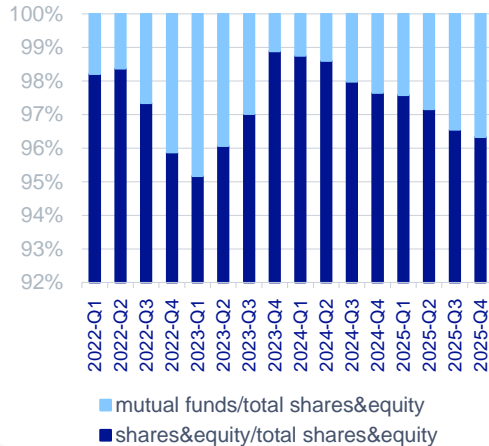
(SHARE IN TOTAL %, 4Q25)



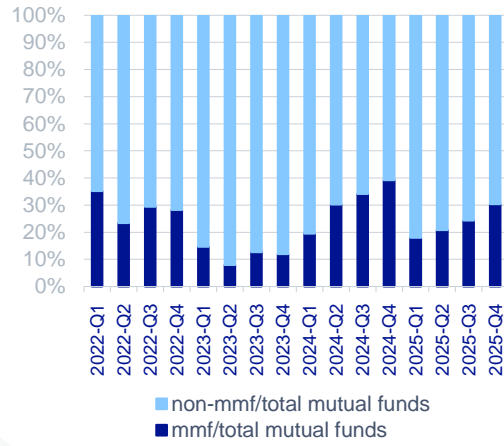
* Other accounts receivable and other accounts payable items are composed of corporates' commercial transactions with each other. Shares&other equity consists of shares, equity and mutual funds (mmf &non-mmf) investments
Source: CBRT Financial Accounts 4Q25, Garanti BBVA Research.

Corporate investments in mutual funds rose in 4Q25, with MMFs continuing to account for a growing share

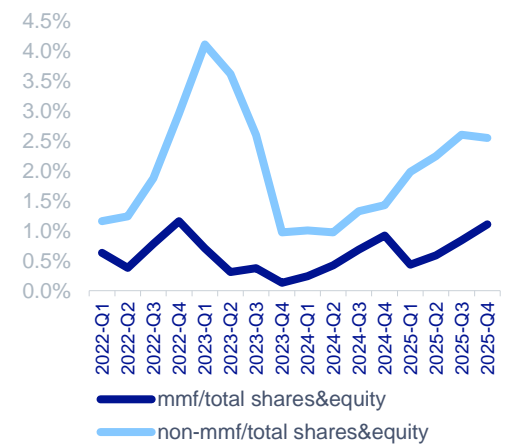
BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (% , 4Q25)



BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (% , 4Q25)



BREAKDOWN OF NON-FIN CORPORATES' ASSETS BY INSTRUMENTS (% , 4Q25)

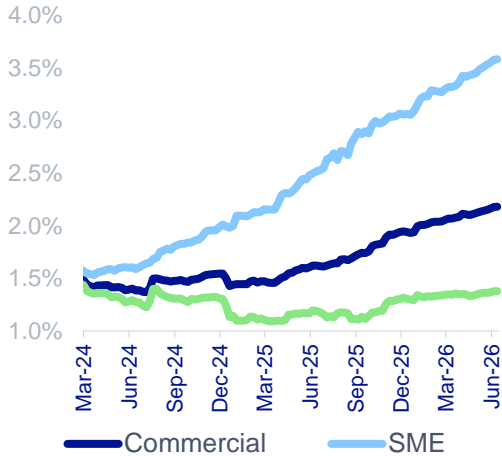


*Shares & equity consist of shares & equity and mutual funds investments of corporates. And mutual funds investments consist of MMFs and non-MMFs.
Source: CBRT Financial Accounts 4Q25, Garanti BBVA Research.

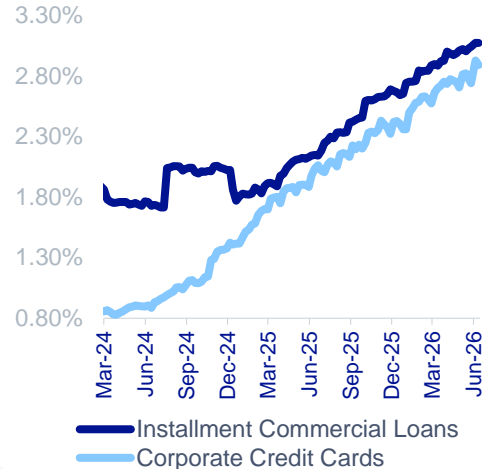
Non-MMF investments of corporates appear to have stabilized in contrast to the continued inflows into MMFs.

SME NPLs continue their gradual upward trend. Nevertheless, the overall commercial NPL ratio remains historically low

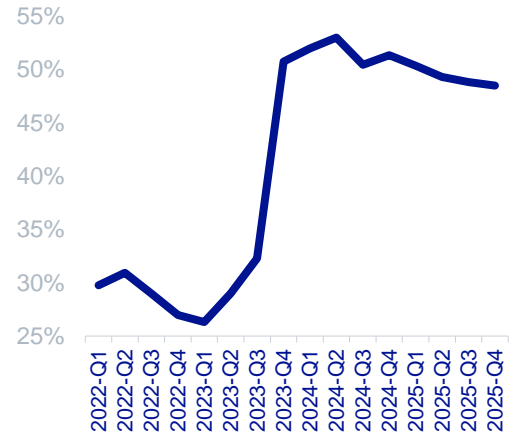
BREAKDOWN OF NPL RATIO IN COMMERCIAL CREDITS (%)



NPL BREAKDOWN OF TL COMMERCIAL CREDITS (%)



TOTAL ASSETS / TOTAL LIABILITIES OF CORPORATES' (%)

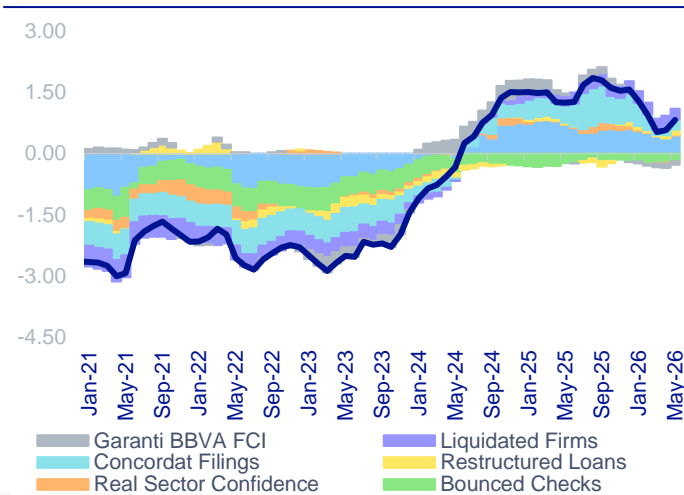


The previously observed limited deterioration in corporates' overall liquidity position appears to have come to a halt. Liquidity remains elevated and stable at around 50%, supported by broadly equal growth rates in assets and liabilities over the past two quarters.

The limited deterioration that started in April's commercial financial stress indicators continued in May

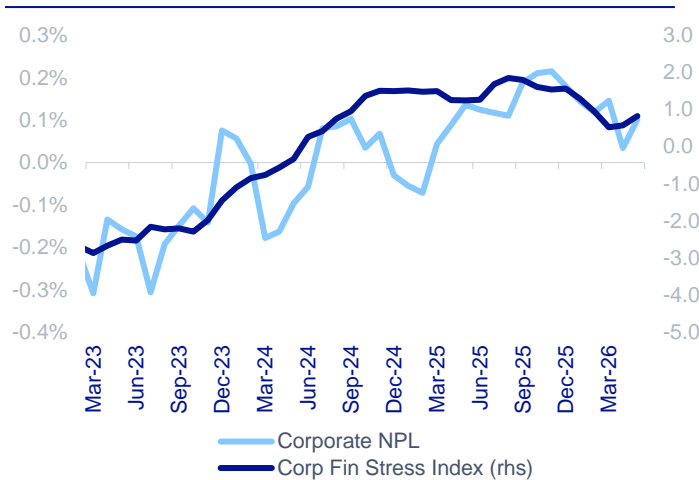
CORPORATE FINANCIAL STRESS*

(factor & contributions)



FINANCIAL STRESS & NPL

(factor vs 3M change)



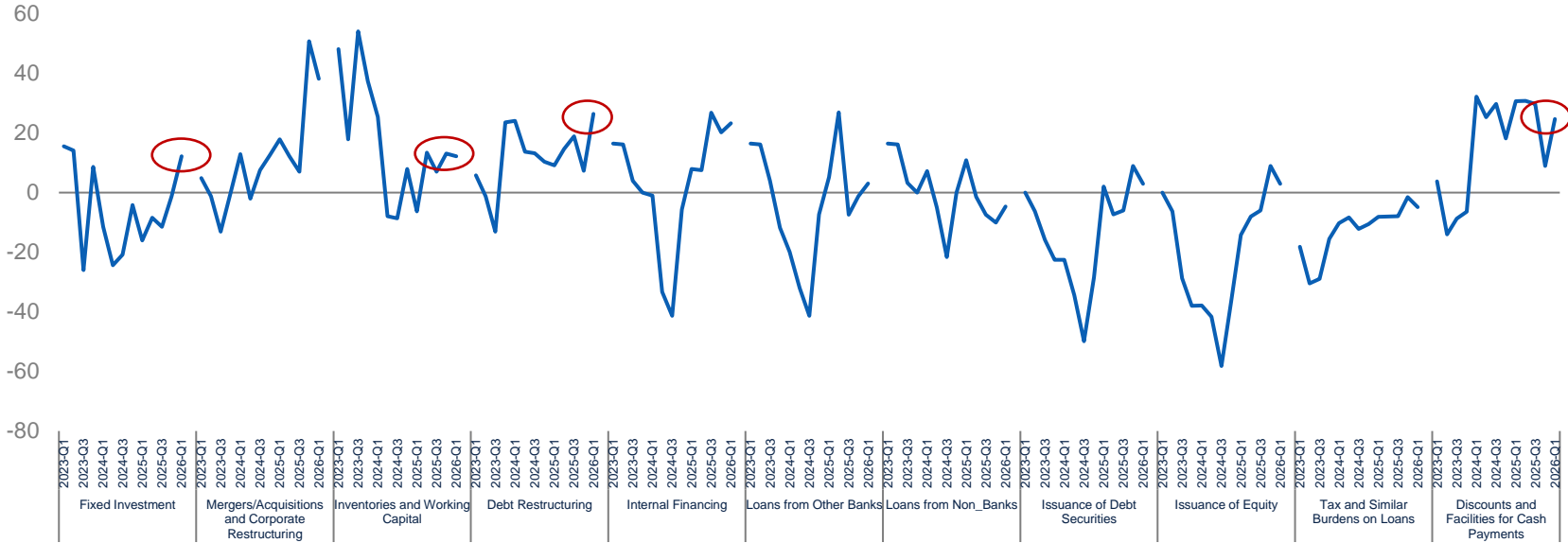
Source: CBRT and Garanti BBVA Research.

* See [here](#) for the methodology and more detailed information.

Albeit still remaining below the stress level seen in 2H25, improvement in corporate distress seems to have stopped, reversing to upwards. The rise emerges from the increase in protested bills, restructured loans and decline in real sector confidence in May26.

Corporates in 1Q26 made greater use of credit for debt restructuring and favorable cash payment terms

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

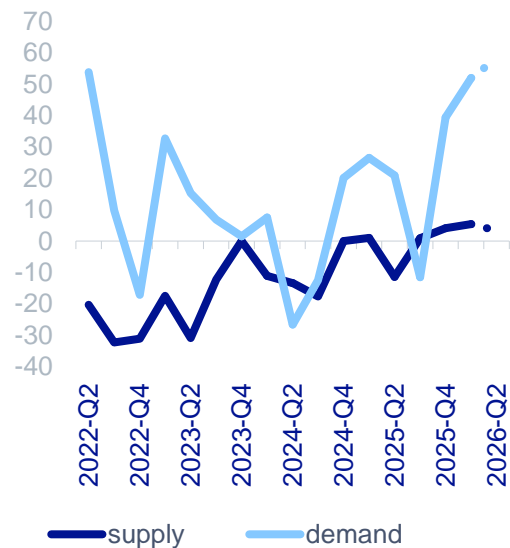


Corporates have also been increasingly using credit to finance fixed investments since 4Q25.

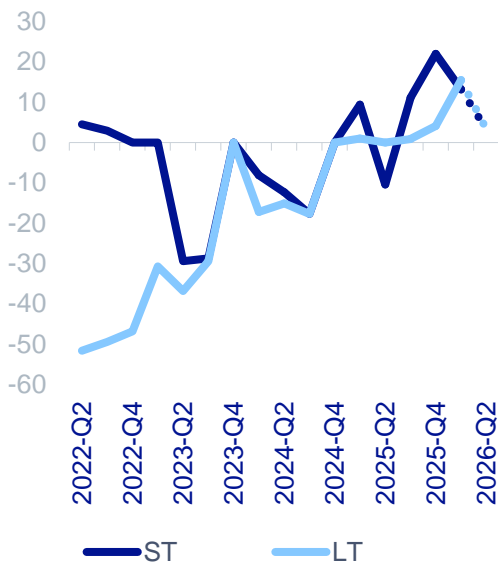
Source: CBRT and Garanti BBVA Research.

Supply conditions are expected to remain tight throughout the quarter, while demand is anticipated to increase

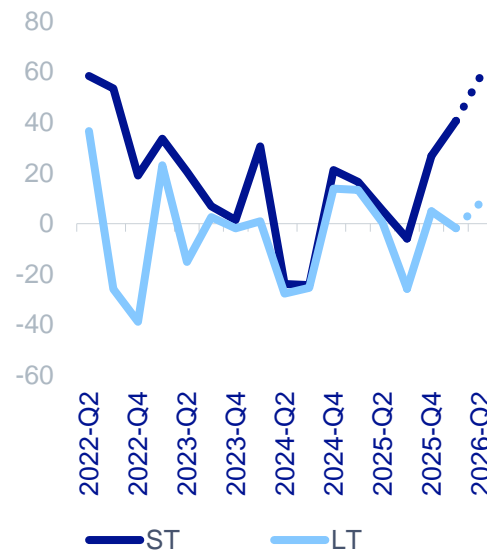
CREDIT CONDITIONS: COMMERCIAL



COMMERCIAL CREDIT SUPPLY CONDITIONS ON MATURITY BASIS

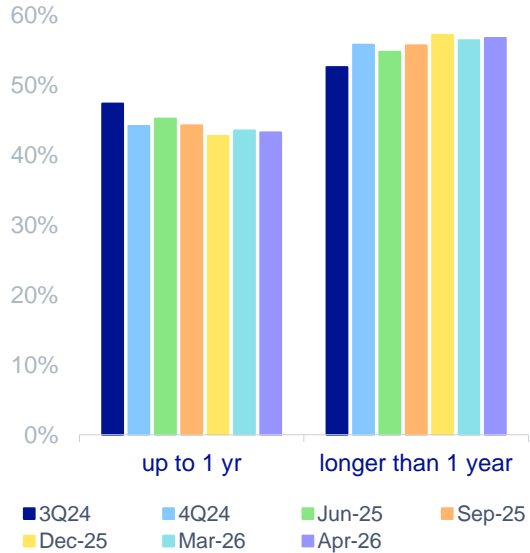


COMMERCIAL CREDIT DEMAND CONDITIONS ON MATURITY BASIS

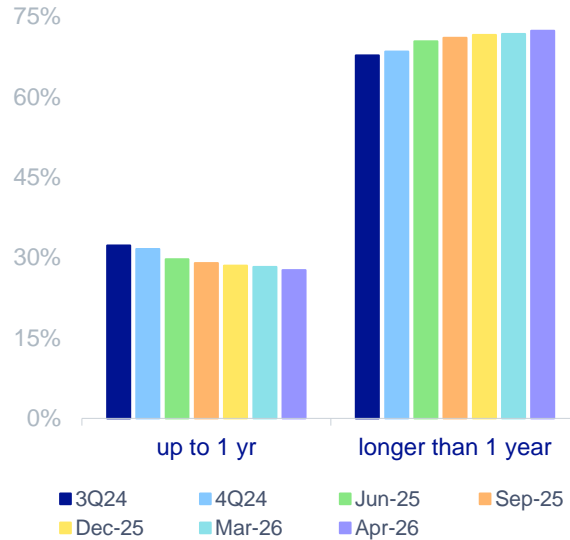


FC credit maturities are expanding since 4Q24. TL commercial credit maturities shortened further in April

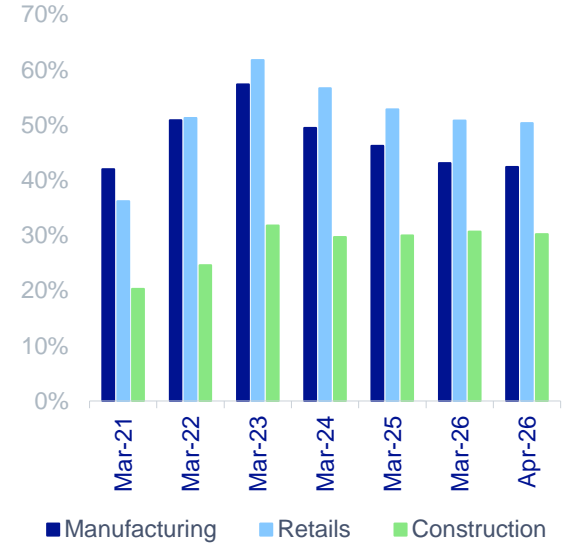
MATURITY COMPOSITION OF TL COMMERCIAL CREDITS (%)



MATURITY COMPOSITION OF FC COMMERCIAL CREDITS (%)



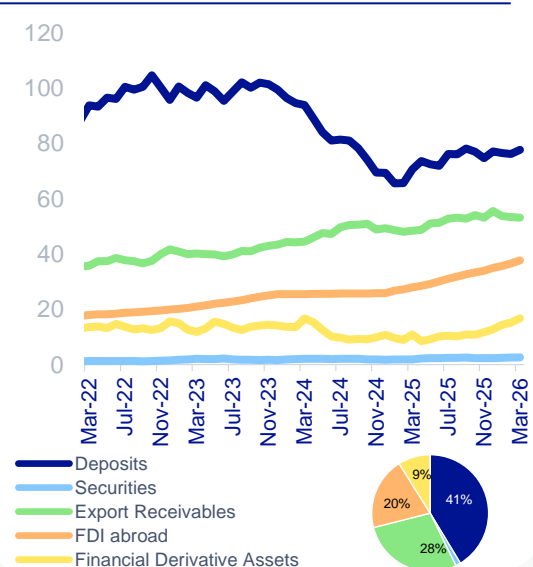
SHARE OF TOTAL ST COMMERCIAL CREDITS IN 3 MAIN SECTORS (%)



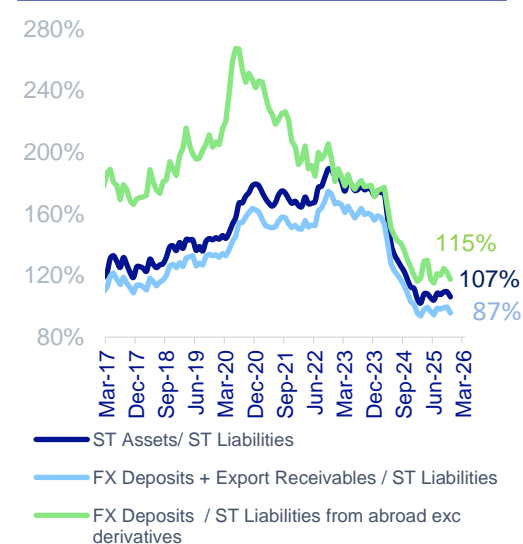
Higher share of total FC credits are LT. Among the major sectors with the largest share of total credit, the retail sector stands out, with short-term loans accounting for 50% of its total credit.

Higher share of FC credits are LT, but the fast increase in ST FC credits worsened the corporates' net ST FX position

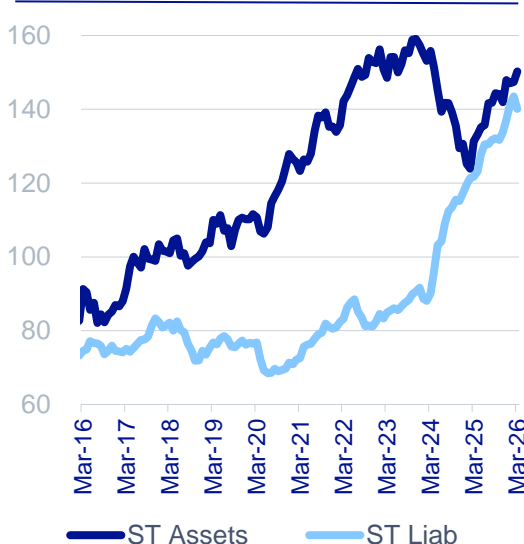
FC ASSETS OF CORPORATES & SHARES IN TOTAL (BN USD, %)



FC LIQUIDITY OF CORPORATES (%)



ST NET FX POSITION OF THE CORPORATE SECTOR (BN USD)



Source: CBRT and Garanti BBVA Research.

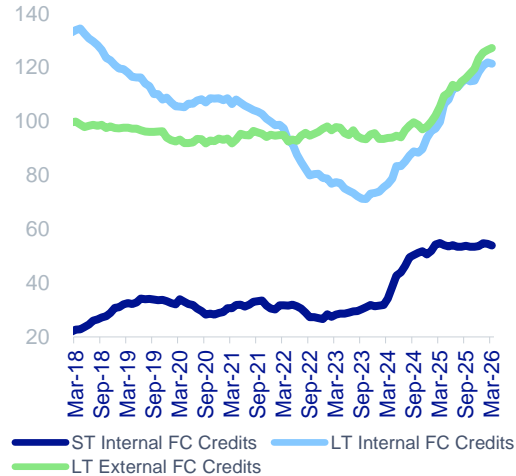
The impact of the additional CBRT tightening on FC credit growth caps in Feb26 is observed in internal FC credits.

Albeit staying lower in amounts, external FC loan growth is higher than domestic FC loan growth since Aug25

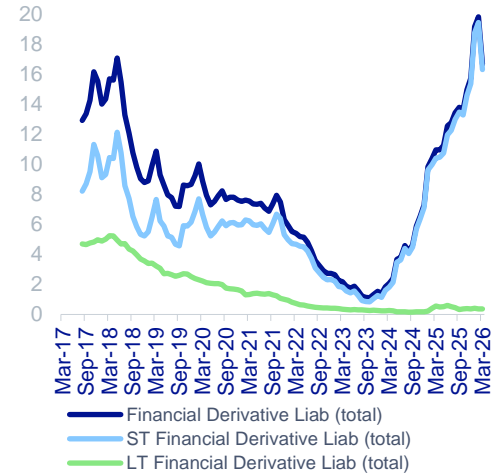
ST NET FX POSITION OF THE CORPORATE SECTOR (BN USD)



FC LOAN COMPOSITION ST & LT (BLN USD)



FC FINANCIAL DERIVATIVES OF CORPORATES (BN USD)



Source: CBRT and Garanti BBVA Research.

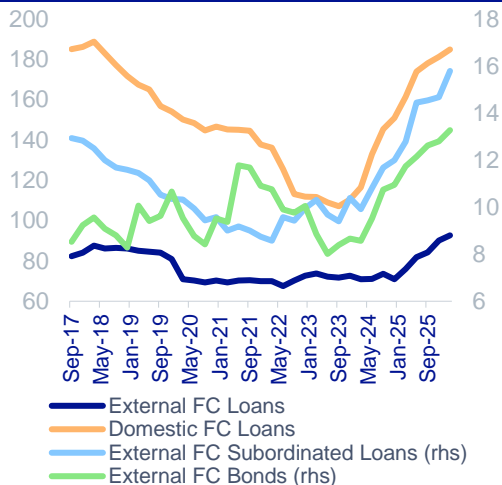
*Details of FC loan composition are obtained from "Outstanding Loans Received from Abroad by the Private Sector" statistics of the CBRT. ST external trade credits are not included due to data availability.

High external roll-over ratios continue to be supported by the increase in subordinated loans obtained from abroad.

FC loan growth decelerated in 1Q26, with the exception of subordinated loans obtained from abroad

FC LOAN COMPOSITION* OF THE CORPORATE SECTOR

(BN USD)



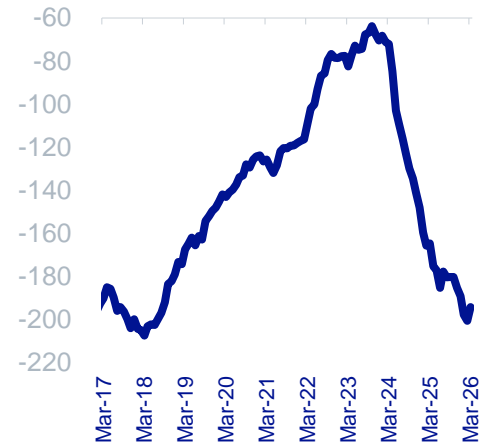
LT EXTERNAL LOANS ROLL-OVER RATIO OF REAL SECTOR

(12 MONTH ROLLING, %)



NET FX POSITION OF THE REAL SECTOR

BLN USD



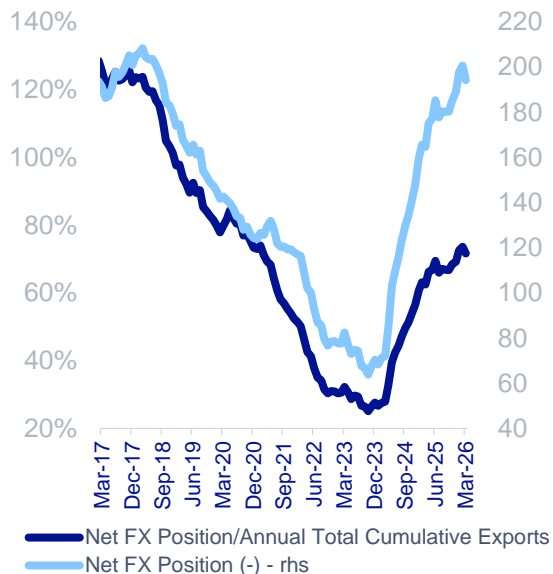
Source: CBRT and Garanti BBVA Research.

*Details of FC loan composition are obtained from "Outstanding Loans Received from Abroad by the Private Sector" statistics of the CBRT. ST external trade credits are not included due to data availability.

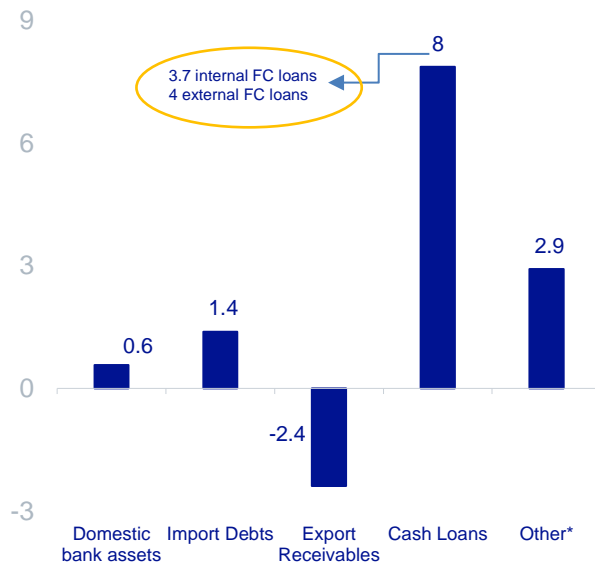
Among the loan composition, subordinated loans continued to increase with a further improvement in rollover ratios. FC loans obtained from abroad is almost half of the loans obtained from domestic banks.

Loans contributed less to the deterioration of net FX position in 1Q26, whereas export revenues weighed down

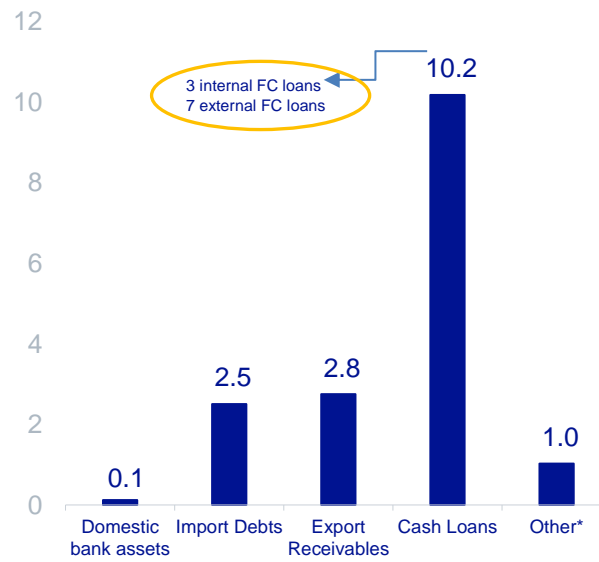
NET FX POSITION/ANNUALIZED EXPORTS & NET FX POSITION
(RATIO & \$USBN)



FACTORS BEHIND WORSENING IN NET FX POSITION**
(\$USbn, CHANGE BTW 4Q25 & 1Q26)



FACTORS BEHIND WORSENING IN NET FX POSITION
(\$USbn, CHANGE BTW 3Q25 & 4Q25)



Source: CBRT and Garanti BBVA Research.

*Internal FC credit is further restricted so that the 8-week growth limit for foreign currency loans has been reduced to 0.5% from 1%, as of Feb26.

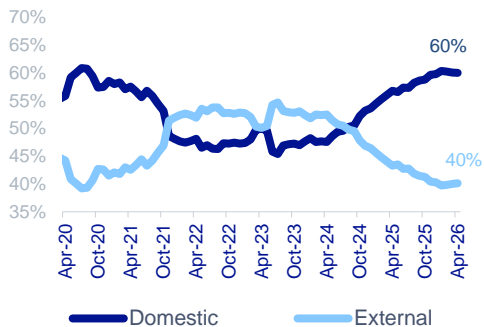
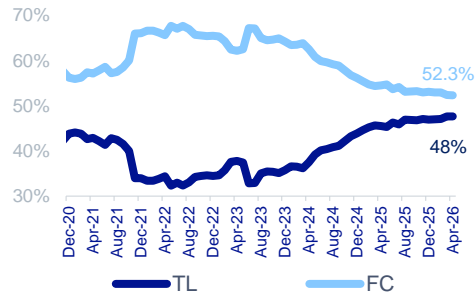
* The change in the "other" item covers the change in assets (deposits) with banks abroad, securities and direct capital investments made abroad.
Domestic bank assets = deposits of the real sector held in domestic banks

03.

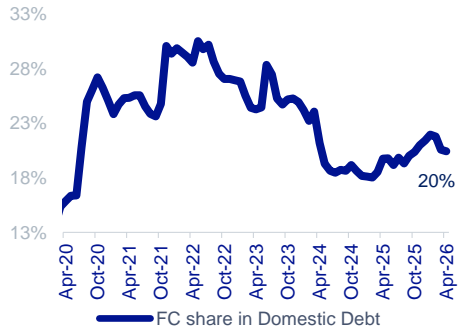
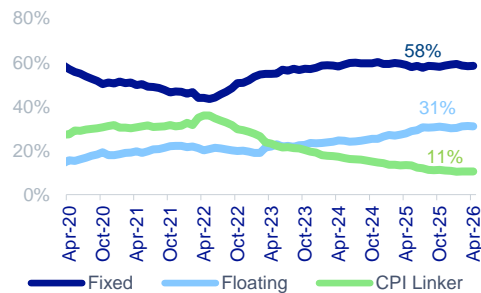
Public Sector Indebtedness

FC share of public debt declines; domestic debt remains the dominant funding source at around 60% of total debt

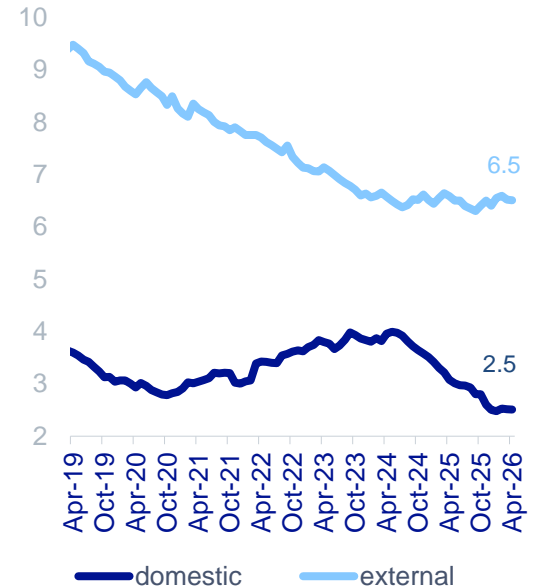
PUBLIC DEBT DECOMPOSITION (SHARE IN TOTAL)



DOMESTIC DEBT DECOMPOSITION (SHARE IN TOTAL)



PUBLIC DEBT AVERAGE MATURITY (YEAR)

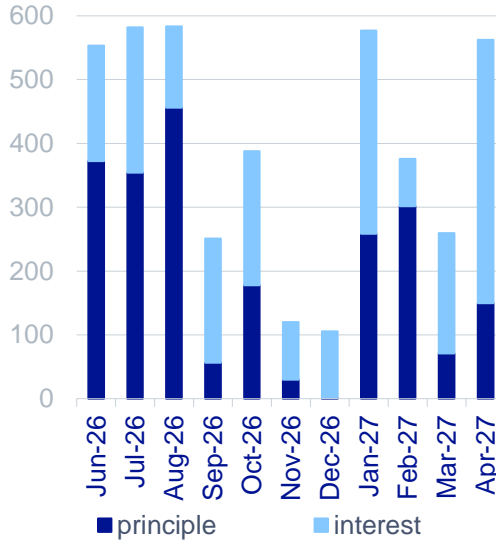


July & August will mark the peak in TL debt redemptions for 2026. However, the impact of elevated borrowing costs will become more visible from 3Q26 onward

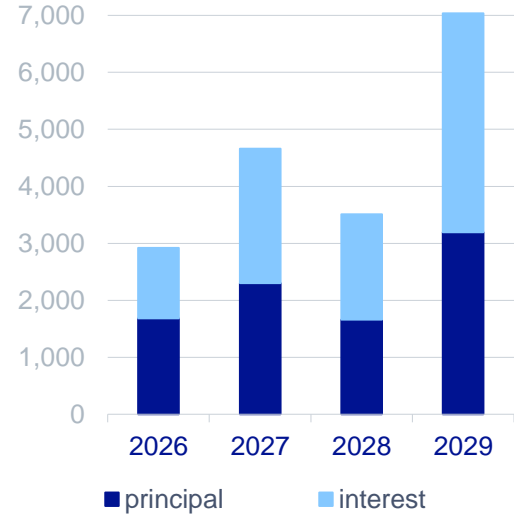
DOMESTIC DEBT ROLL-OVER RATIOS (12M ROLLING, %)



DOMESTIC DEBT REDEMPTION CALENDAR (BN TL)



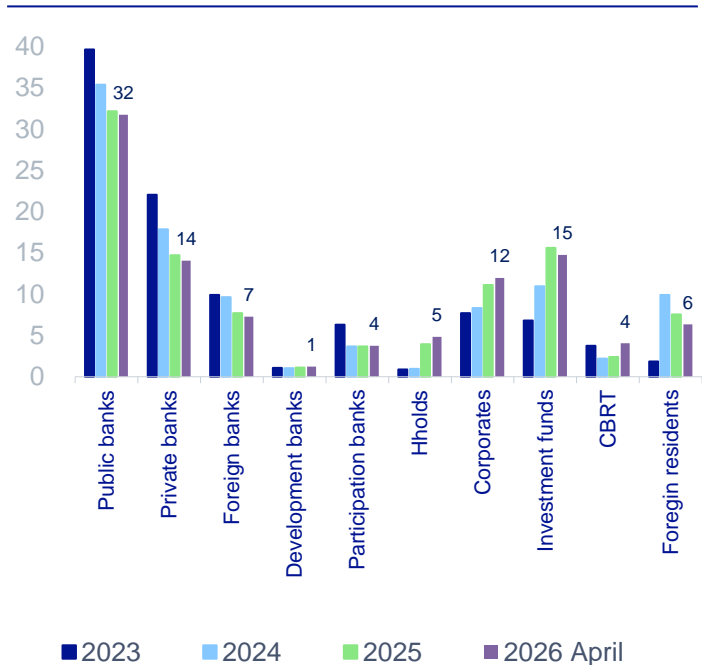
DOMESTIC DEBT REDEMPTION CALENDAR (TRILLION TL)



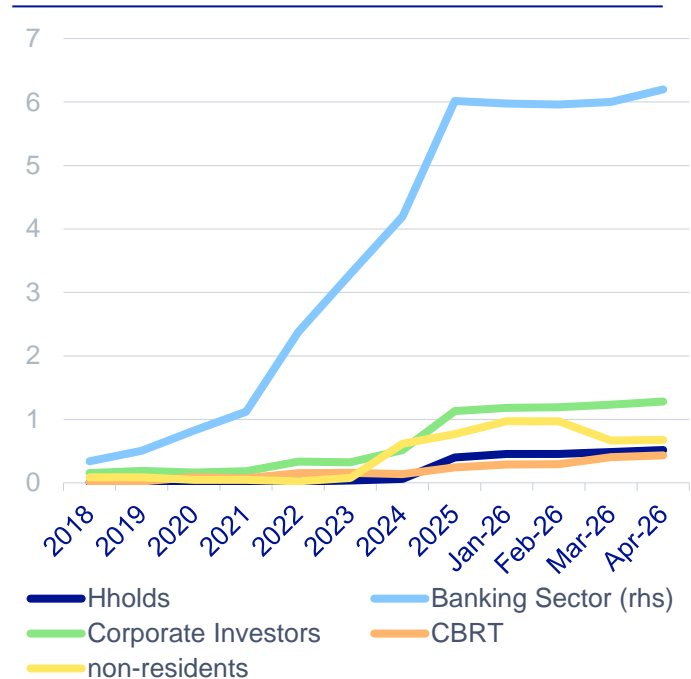
Source: Treasury and Garanti BBVA Research.

The share of households and corporates in domestic debt continues to rise in 2026

DOMESTIC PUBLIC DEBT BY OWNERS
% SHARES IN TOTAL



DOMESTIC PUBLIC DEBT BY OWNERS
Trillion TL



Source: Treasury and Garanti BBVA Research.

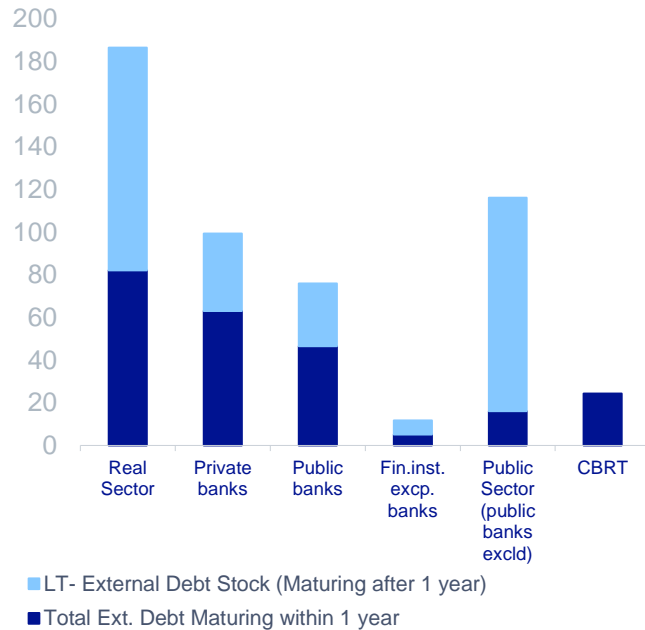
04.

Türkiye's External Debt Stock

Among all sectors, most notable increase in external debt maturing in 1 year was observed in the real sector

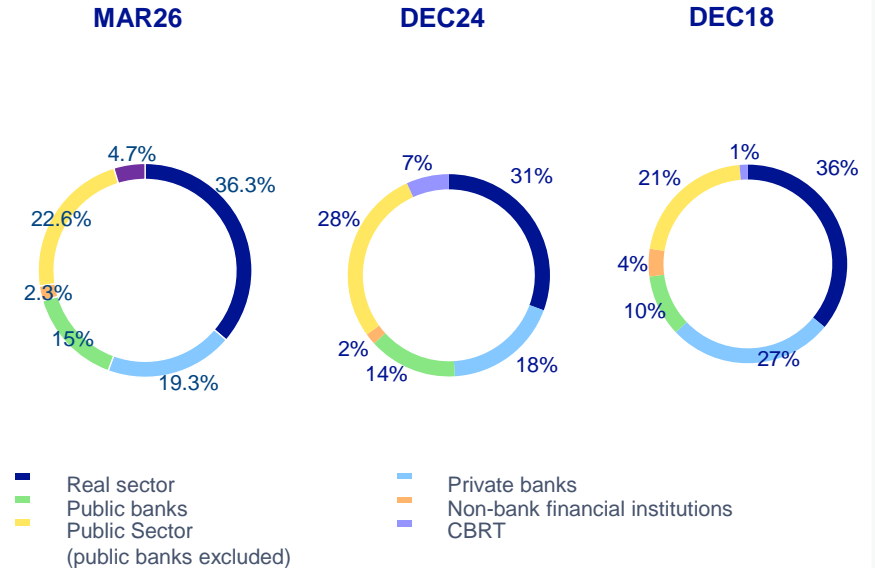
EXTERNAL DEBT BY MATURITY

(BN USD, 1Q26)



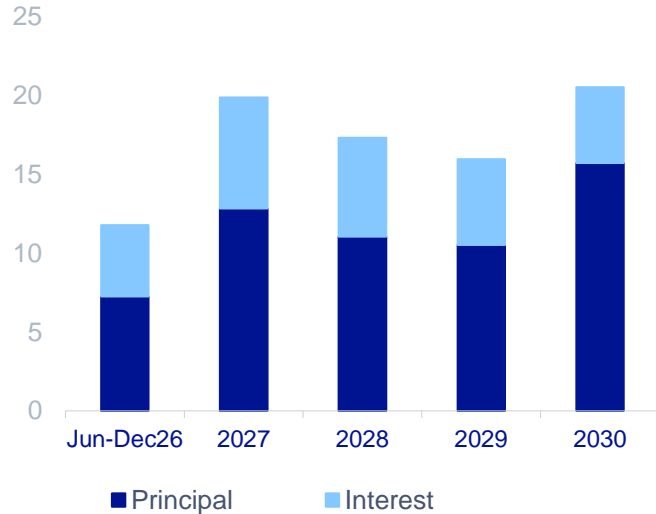
SHARE OF AGENTS IN TOTAL EXTERNAL DEBT

(%, MAR26 & DEC24 & DEC18)

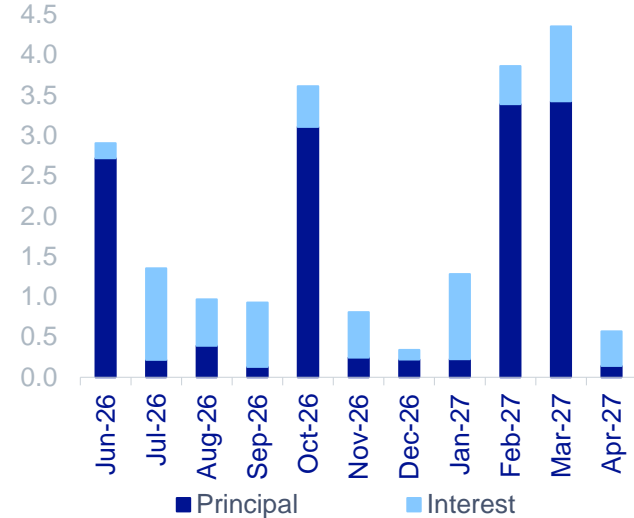


Jun & Oct in 2026 and 1Q27 are the periods with the highest external debt redemptions of the Government

EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT
(BN USD)



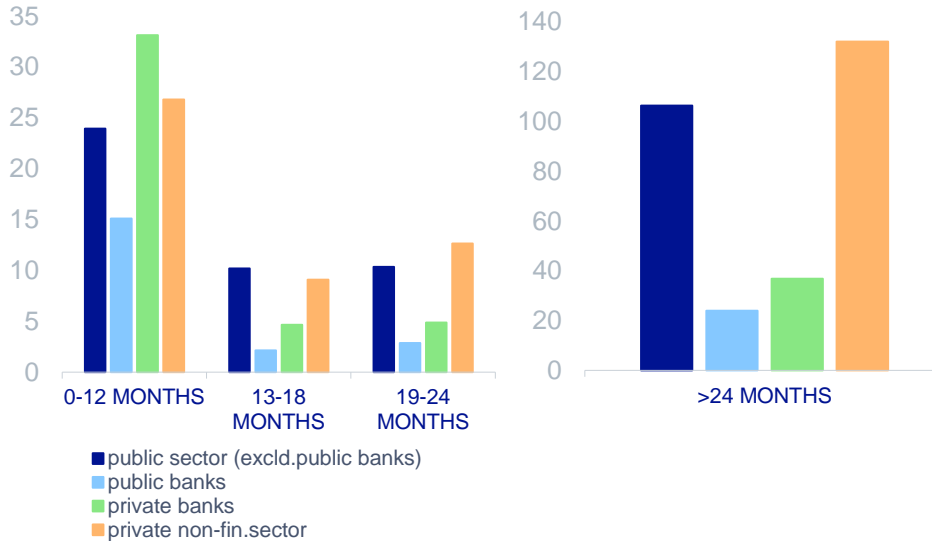
EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT
(BN USD)



Private banks has the highest share in ST payment projections in the banking sector

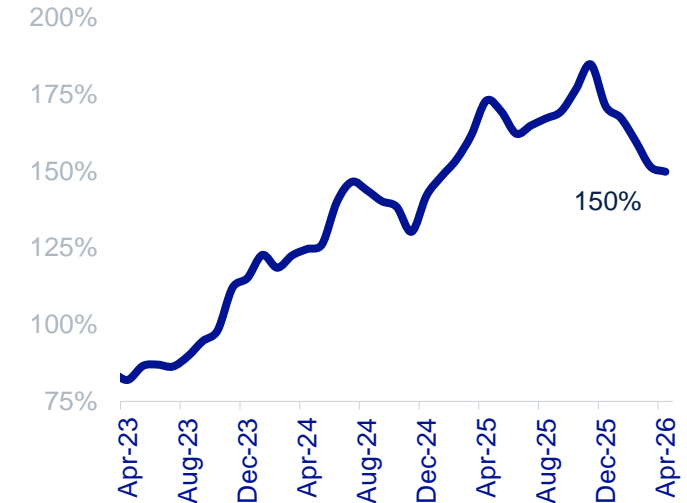
EXTERNAL DEBT PAYMENT PROJECTIONS FOR DEBT SECURITIES AND LOANS

(BN USD, AS OF 1Q26)



LT EXTERNAL LOANS ROLL-OVER RATIO OF BANKS

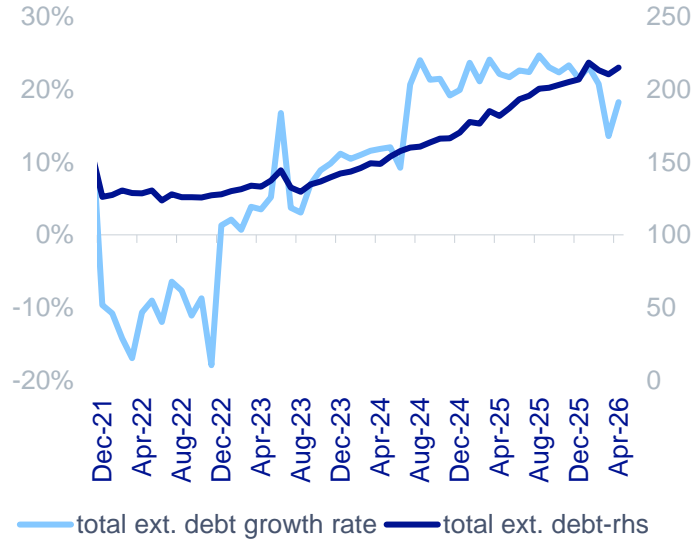
(12 MONTH ROLLING, %)



External funding of banks slowed in Mar due to geopolitical tensions. Security issuances also decelerated in 1Q26

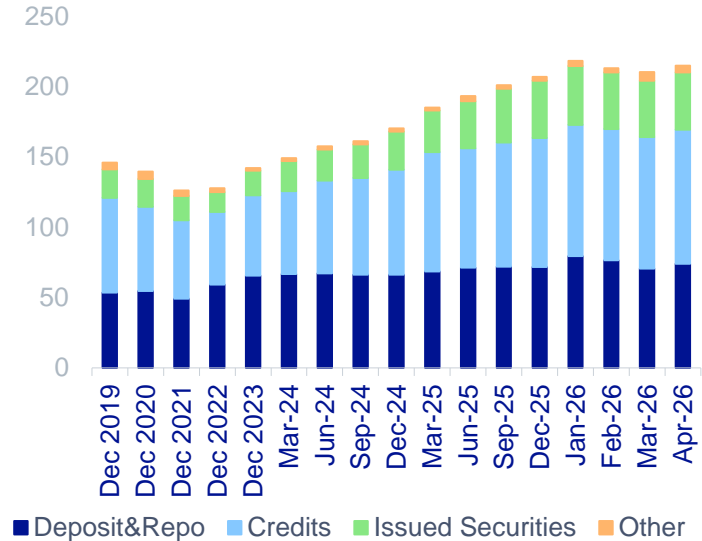
BANKS' TOTAL EXTERNAL DEBT

(% AND BN USD)



BANKS' TOTAL EXTERNAL DEBT

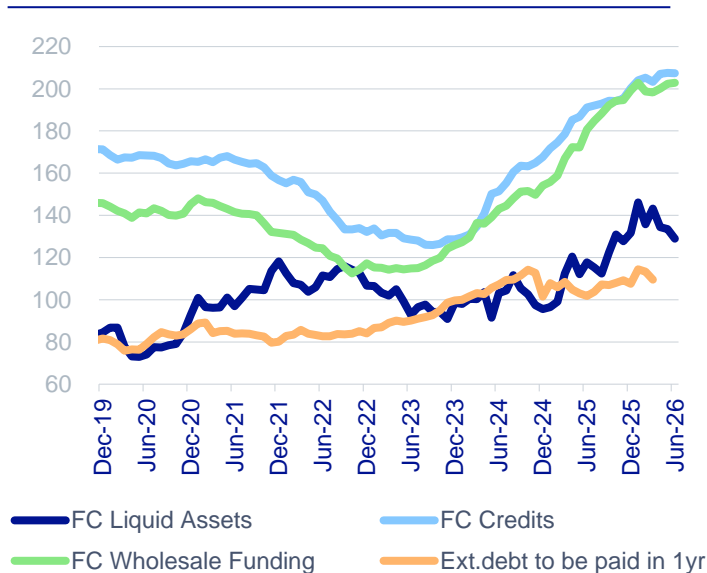
(BN USD)



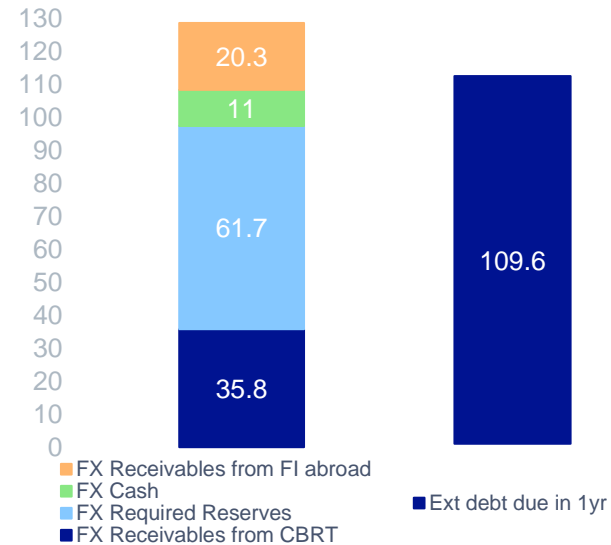
However, we expect strong roll-over ratios to continue in the sector, providing important buffers against increasing external financing needs going ahead.

FX RRs continue to account for the largest share of banks' FX liquid assets, at 48%

BANKS' FC ASSETS & FC LIABILITIES
(BN USD)



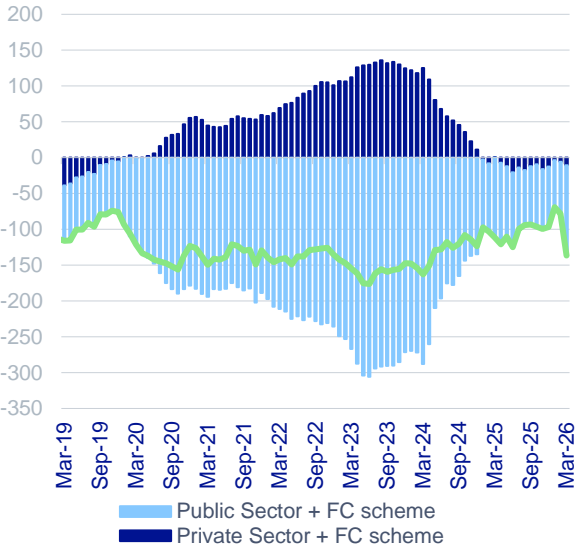
BANKS' FC LIQUID ASSETS & ST EXTERNAL DEBT (BN USD, JUN26)



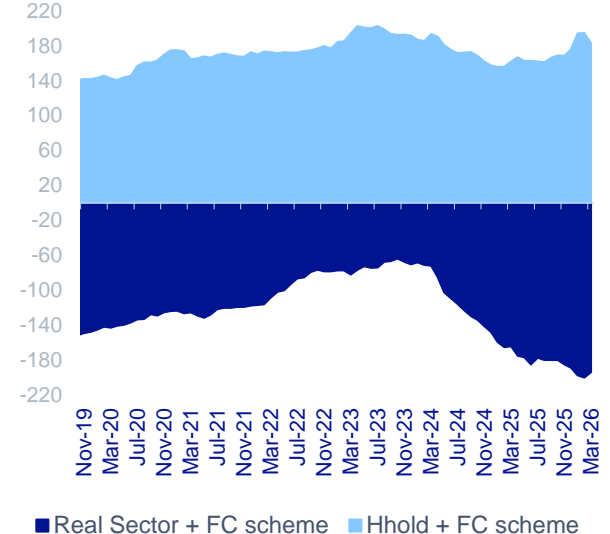
Banks' FX liquid assets remain sufficient to cover their short-term external debt, with a coverage ratio of 118%.

Total net FX position* deteriorated in 1Q26 due to public sector, particularly due to fall in CBRTs net reserves.

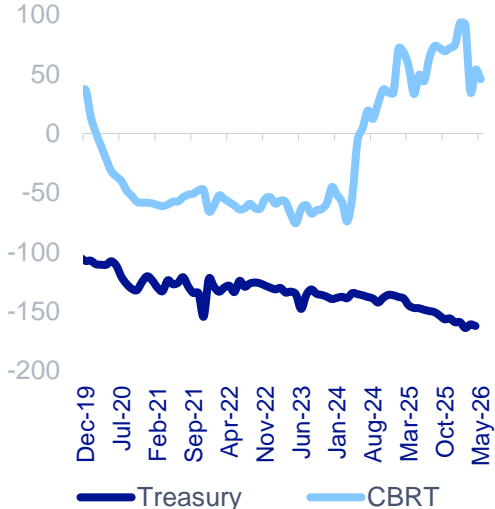
TOTAL FINANCIAL NET FX POSITION* OF TURKIYE (BN USD)



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



NET FX POSITION OF PUBLIC SECTOR (BN USD)



* Mutual funds are not included in assets calculation of households and corporates due to overlap problems.

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