



Outlook for Türkiye

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Minister of Treasury and Finance

April 2026

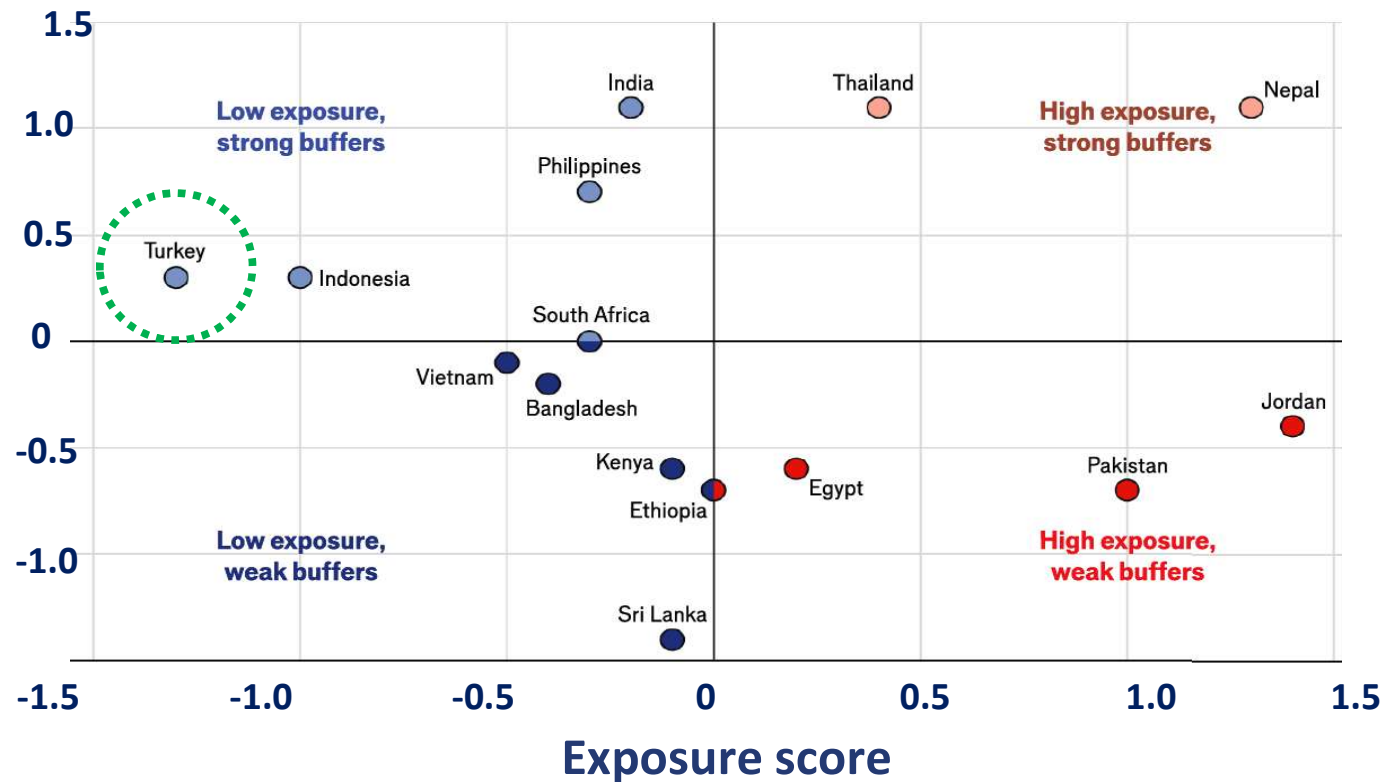
Key messages

- ✓ **The fallout from the Iran War may prove to be significant, but manageable**
- ✓ **A stronger commitment to maintaining sound policies & continuing to prioritize disinflation**
- ✓ **No crises should be wasted, will accelerate the reforms**
- ✓ **Political outlook remains supportive (strong leadership & proven crisis management skills)**

Low exposure, strong buffers

The insulated & the isolated

Resilience score



Components of resilience score

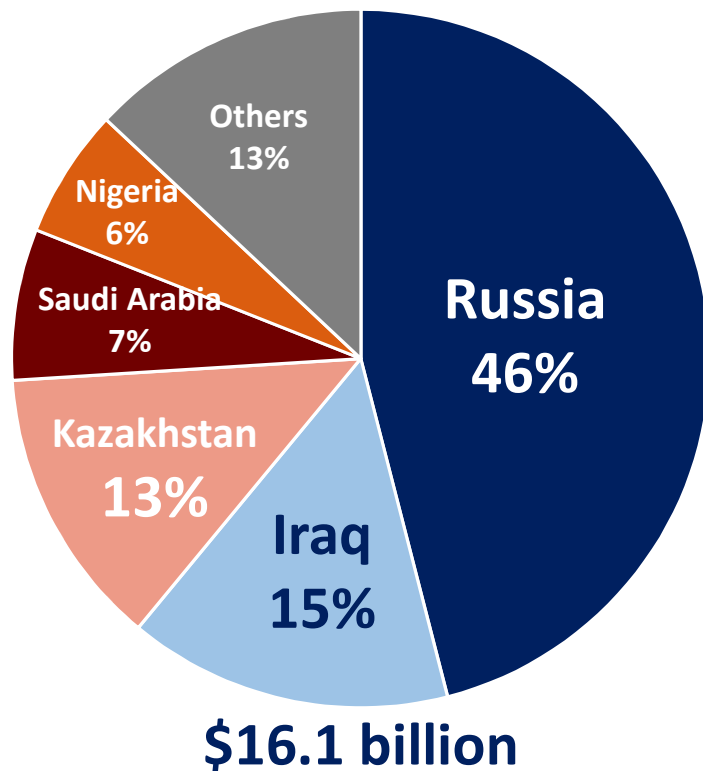
- ✓ Foreign-exchange reserves
- ✓ External government debt

Components of exposure score

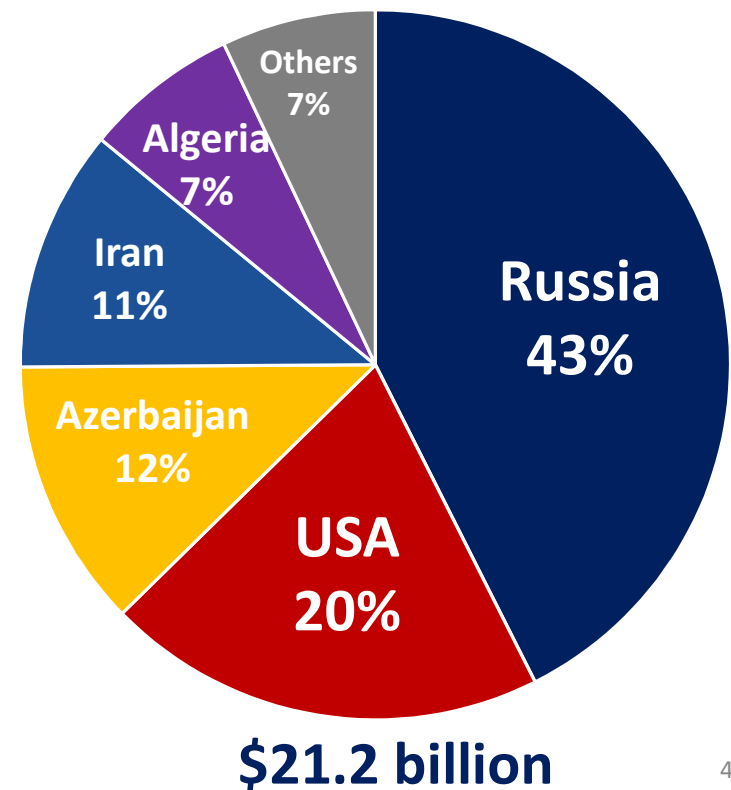
- ✓ Net oil & gas imports
- ✓ Oil & gas imports from the Middle East & Gulf remittances

Low exposure: Energy supply security not at stake

Crude oil imports (2025)



Gas imports* (2025)



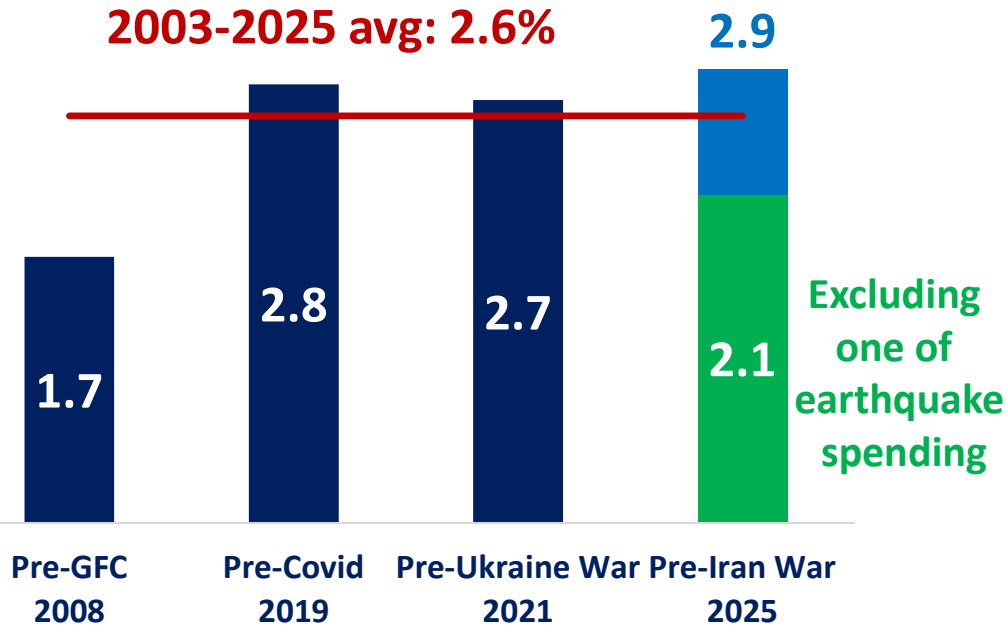
Source: Ministry of Trade, *Pipeline + LNG

Strong buffers: Low fiscal deficit & public debt

Budget deficit (% GDP)

EM average (2025):
6.3%

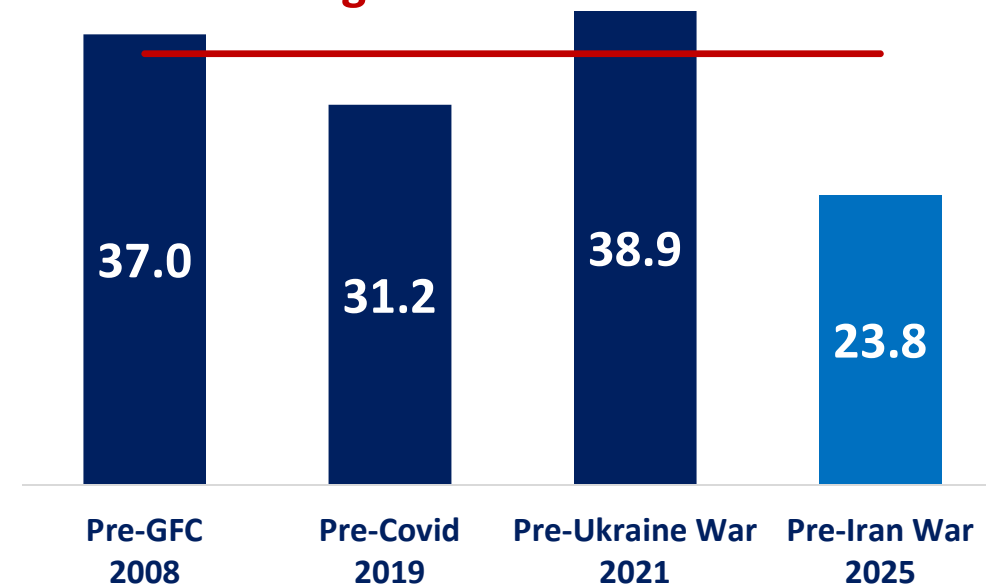
2003-2025 avg: 2.6%



Gross public debt (% GDP)

EM average (2025):
73.9%

2003-2025 avg: 35.4%



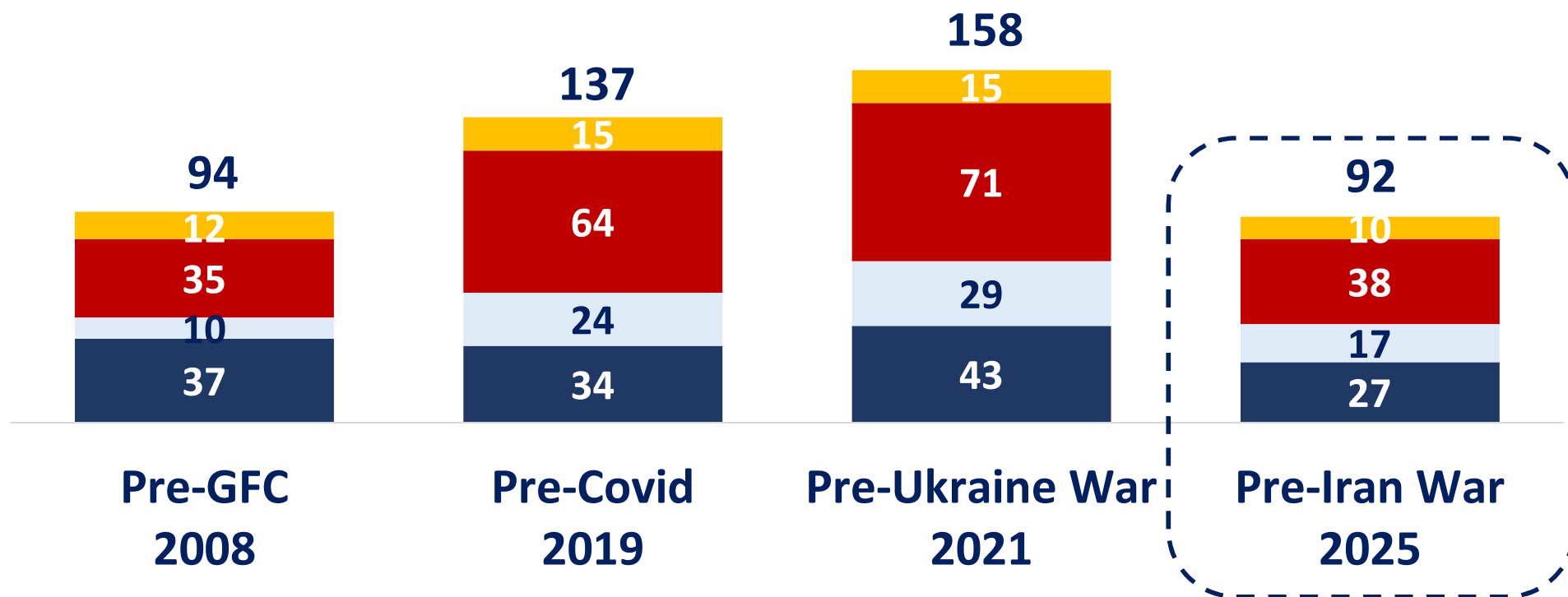
A stronger shock resilience

Change in gross public debt/GDP

	Pre-GFC 2008	Pre-Covid 2019	Pre-Ukraine War 2021	Pre-Iran War 2025
Change in real exchange rate (5 pps)	+ / - 0.7 pps	+ / - 0.8 pps	+ / - 1.2 pps	+ / - 0.6 pps
Change in TL interest rates (500 bps)	+ / - 1.4 pps	+ / - 0.8 pps	+ / - 0.8 pps	+ / - 0.6 pps
Change in GDP growth (2 pps)	+ / - 1.9 pps	+ / - 0.6 pps	+ / - 0.8 pps	+ / - 0.5 pps
Total	+ / - 4.0 pps	+ / - 2.2 pps	+ / - 2.8 pps	+ / - 1.7 pps

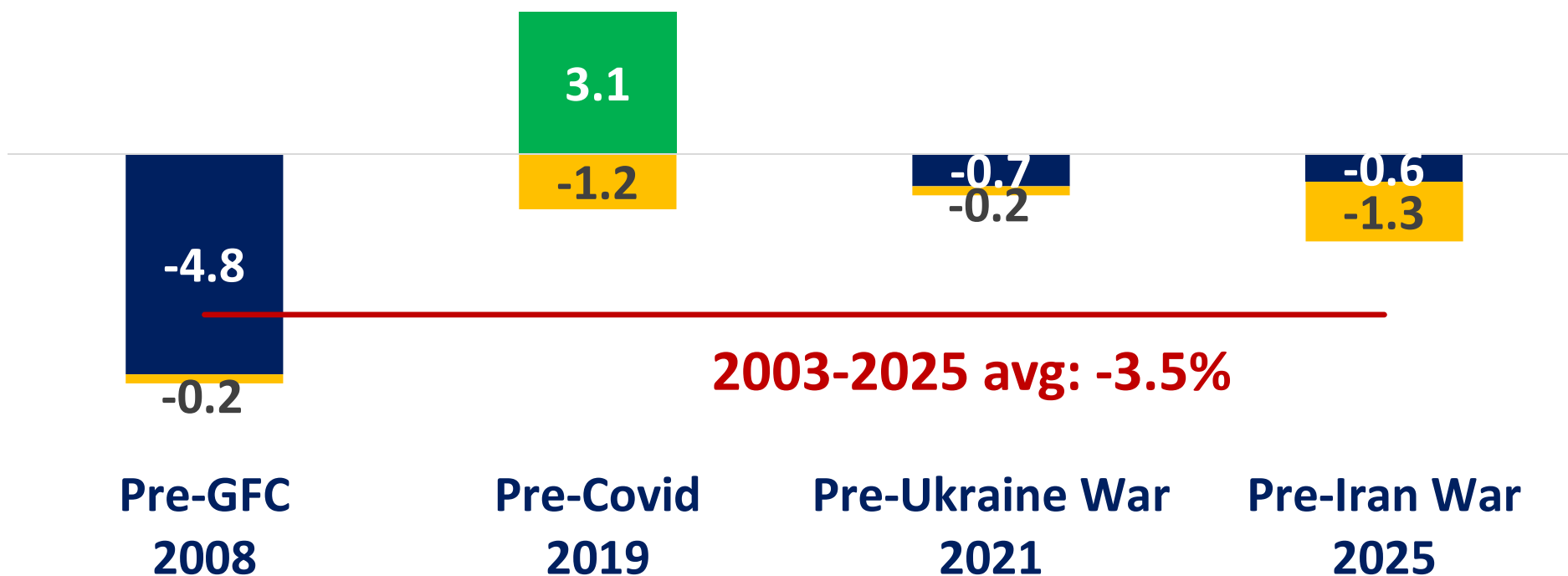
Low total indebtedness (debt/GDP, %)

■ Government ■ Financial Corporations ■ Real Sector ■ Households



Strong buffers: Moderate C/A deficit

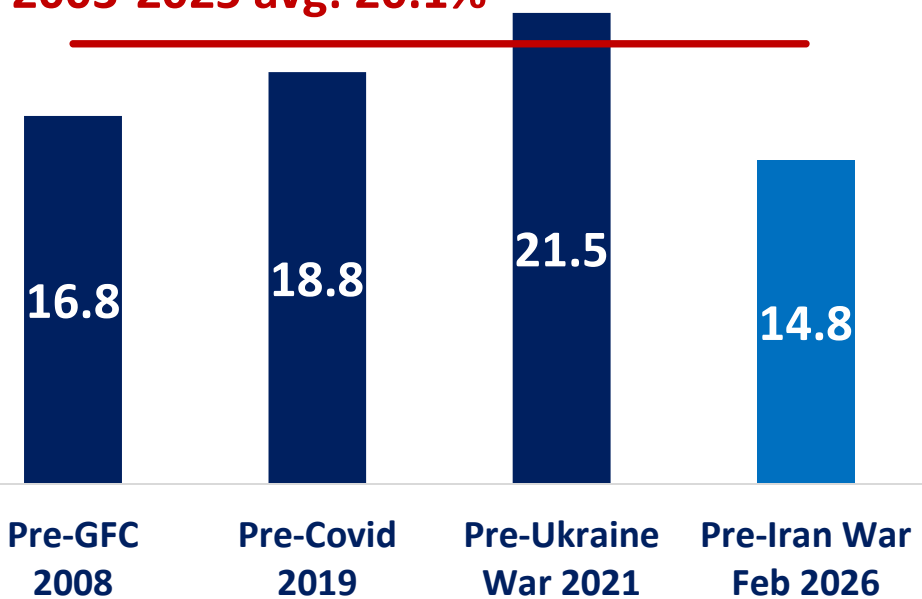
■ C/A balance exc'l gold (% GDP) ■ Net gold imports (% GDP)



Strong buffers: Proven track record of access to external financing even in periods of stress

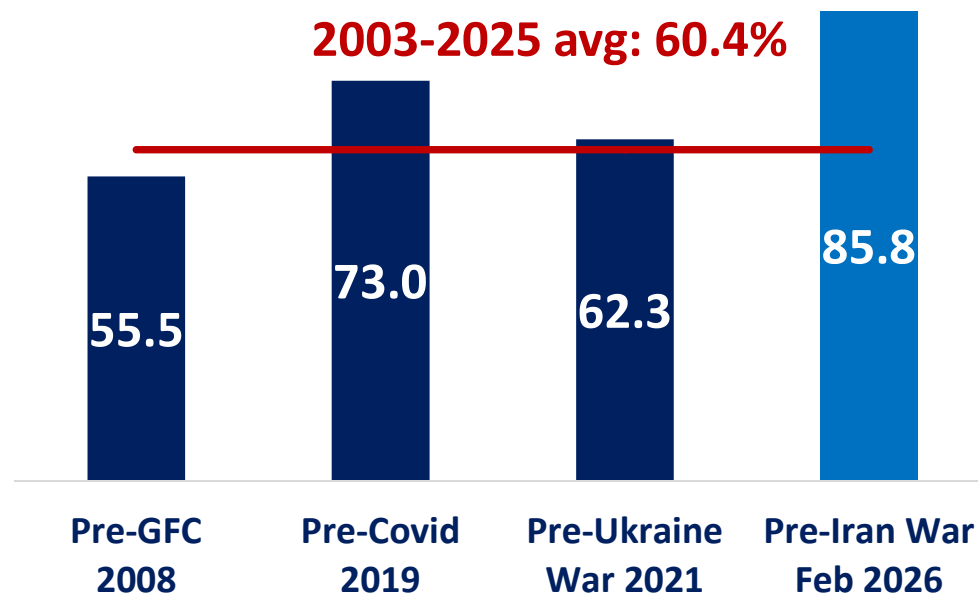
Low gross external financing requirements (% GDP)

2003-2025 avg: 20.1%

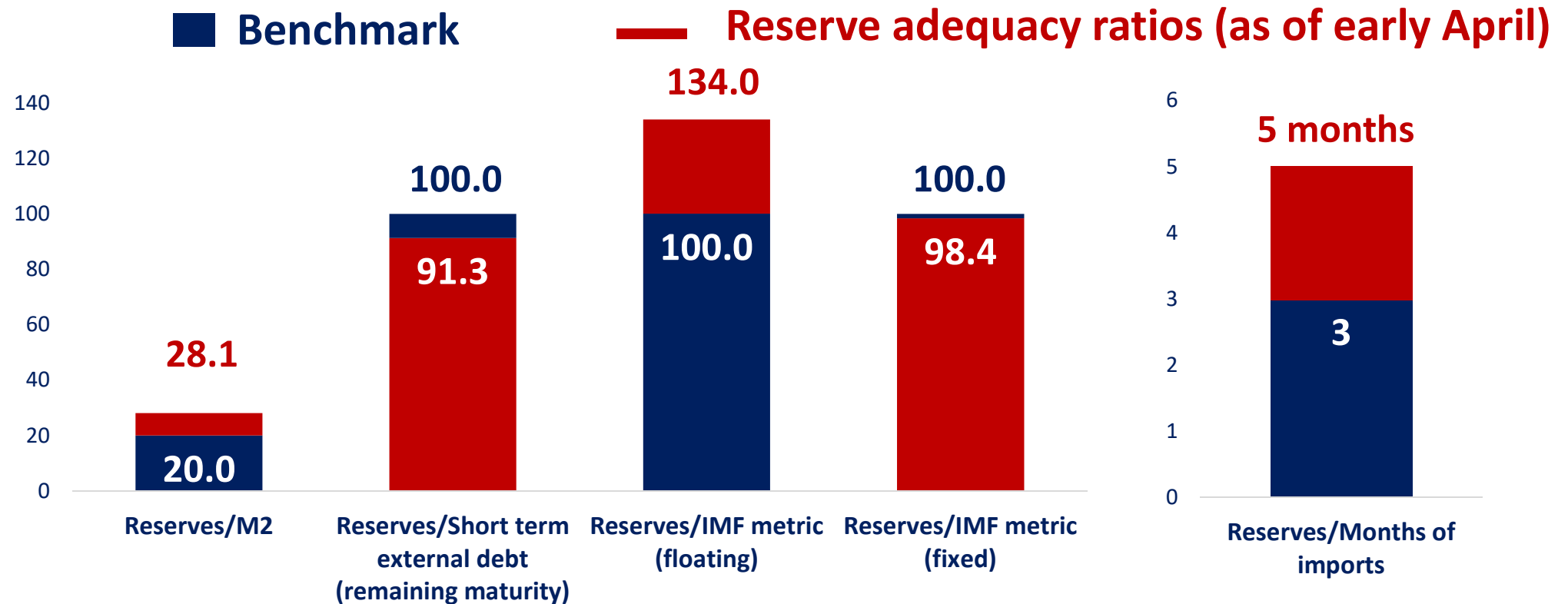


Gross reserves (% Gross external requirements)

2003-2025 avg: 60.4%



Strong buffers: Despite outflows, FX reserves remain adequate



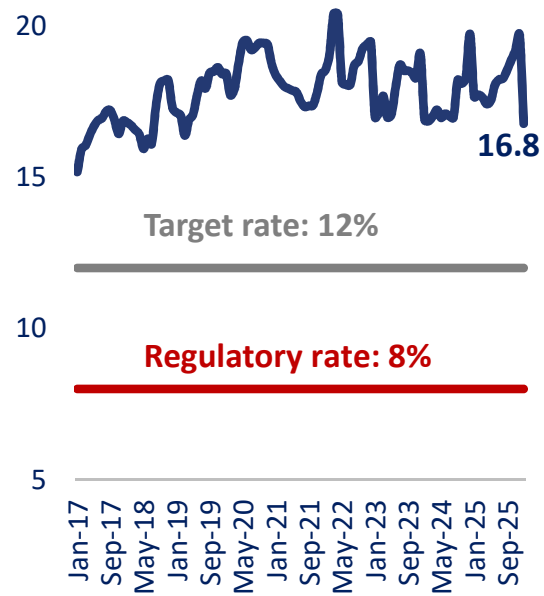
Source: CBRT, Bloomberg, Reuters, April 10, 2026

* IMF Metric Floating = 30% * Short-Term External Debt + 15% * Other Portfolio Liabilities + 5% * Monetary Indicators (M2) + 5% * Exports

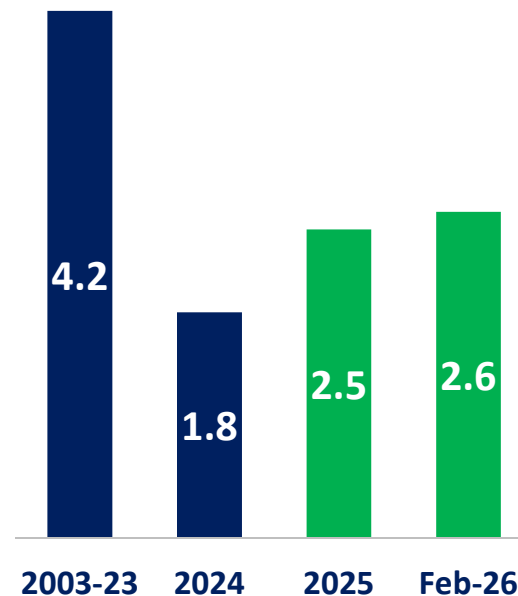
* IMF Fixed Metric = 30% * Short-Term External Debt + 20% * Other Portfolio Liabilities + 10% * Monetary Indicators (M2) + 10% * Exports

Healthy & resilient banking sector

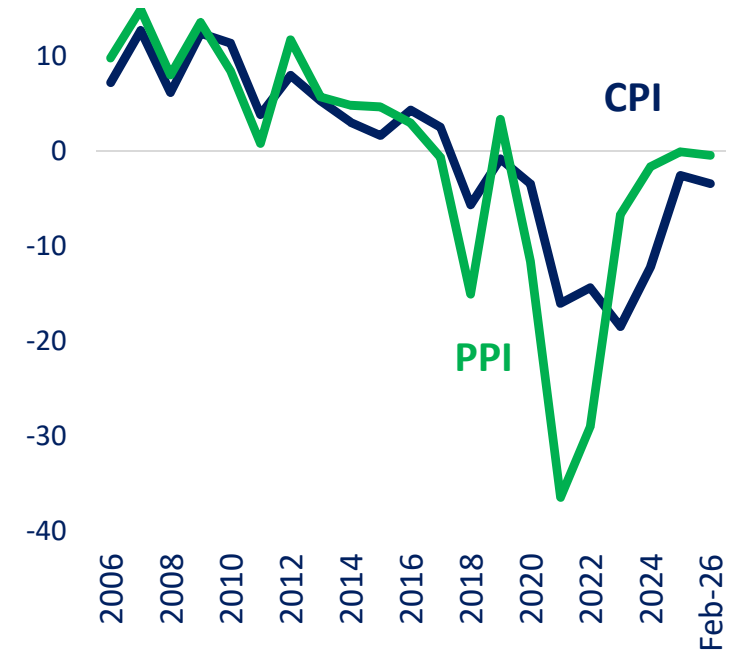
Well-capitalized
(Capital Adequacy Ratio, %)



Strong asset quality
(NPL Ratio, %)

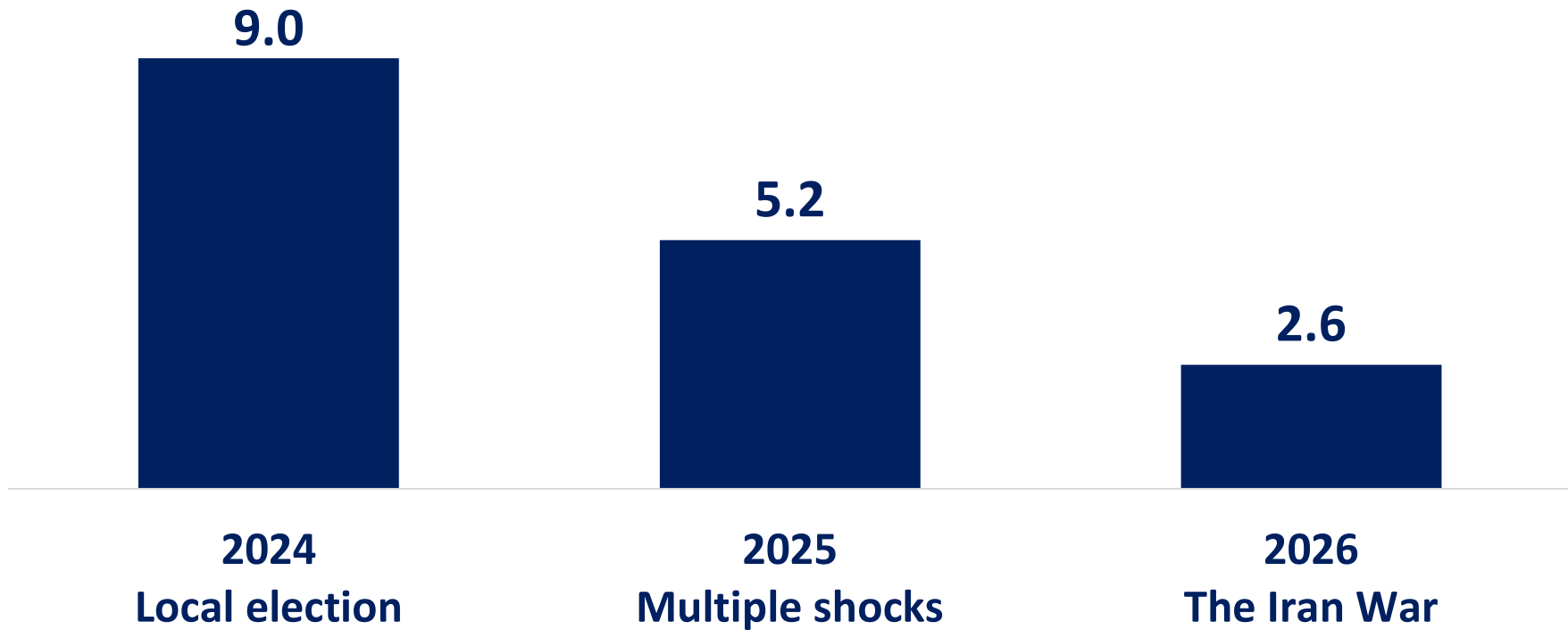


Improving real ROE
(annual, adjusted by CPI & PPI, %)



Limited household demand for FX

Retail FX demand (bn \$)



Source: CBRT, as of April 13, 2026 (Local election: 21 February-29 March 2024, Multiple shocks: 19 March-16 April 2025, Iran War: 28 February-13 April 2026)

Outlook for Macroeconomic Stabilization & Reform Program

Macroeconomic effects of the war – appears manageable

- ✓ Program assumption \$65/bbl
- ✓ Year-to-date average \$80.8/bbl*
- ✓ Futures-implied average for 2026 \$81.2/bbl (April 10)

Rough estimates assuming \$80/bbl in 2026)

Inflation

↑ +2.8pp-3.5pp

Current account deficit

↑ 0.7-1.1% of GDP

Growth

↓ [-0.5pp]–[-1.2pp]

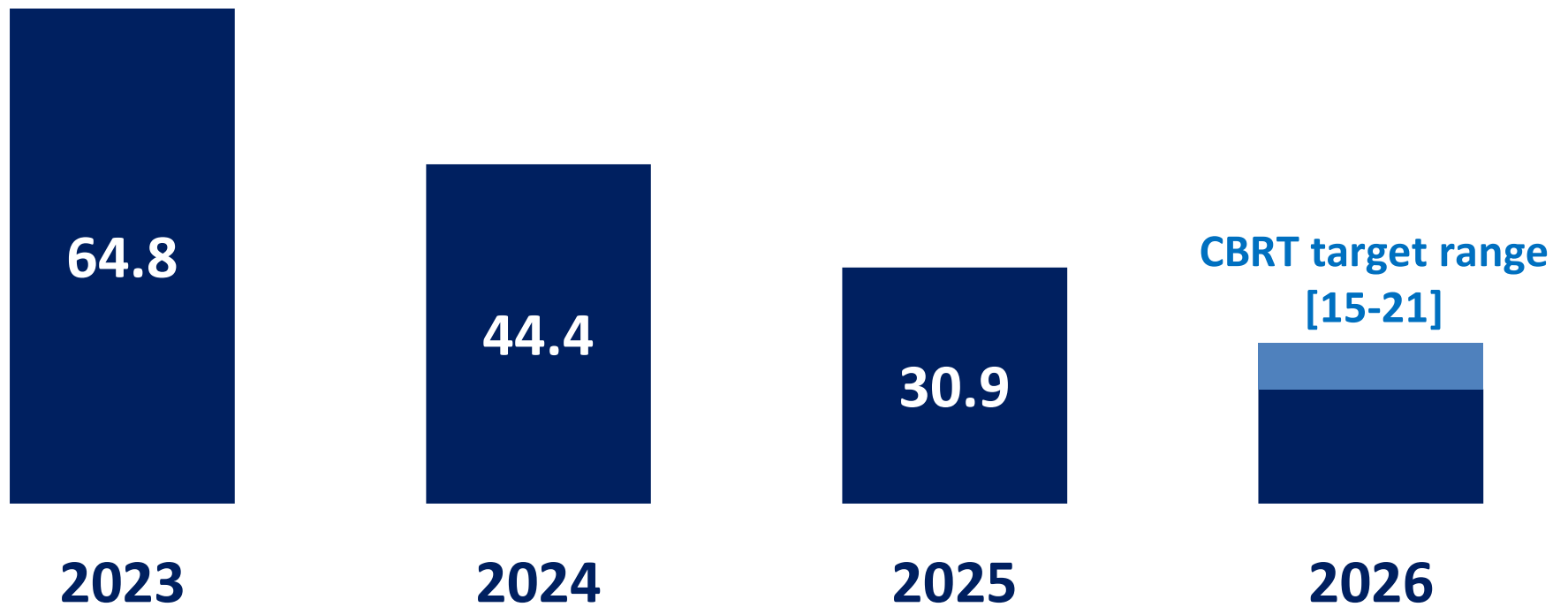
Budget deficit

↑ 0.4% of GDP

No change in priorities

- **Attaining price stability**
- **Maintaining fiscal discipline**
- **Sustainable current account balance**
- **Enhancing competitiveness, governance & institutional strength through structural reforms**

Disinflation: Annual inflation (%)

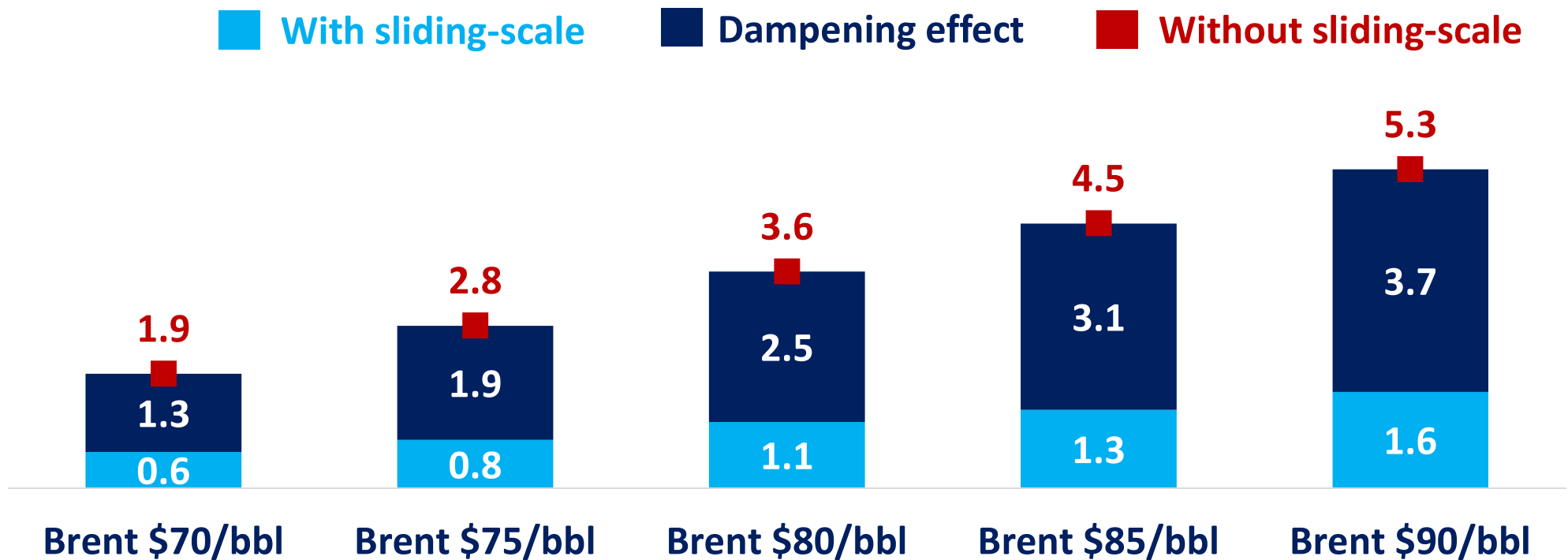


Drivers of sustained disinflation

- **Tight monetary policy stance**
- **Supportive fiscal & incomes policies**
- **Supply side measures (housing, food, energy)**
- **Negative output gap**
- **No evidence of sustained stickiness in services inflation**

Fiscal buffer limits oil-to-inflation pass through

Impact of sliding scale system after 12 months (%)

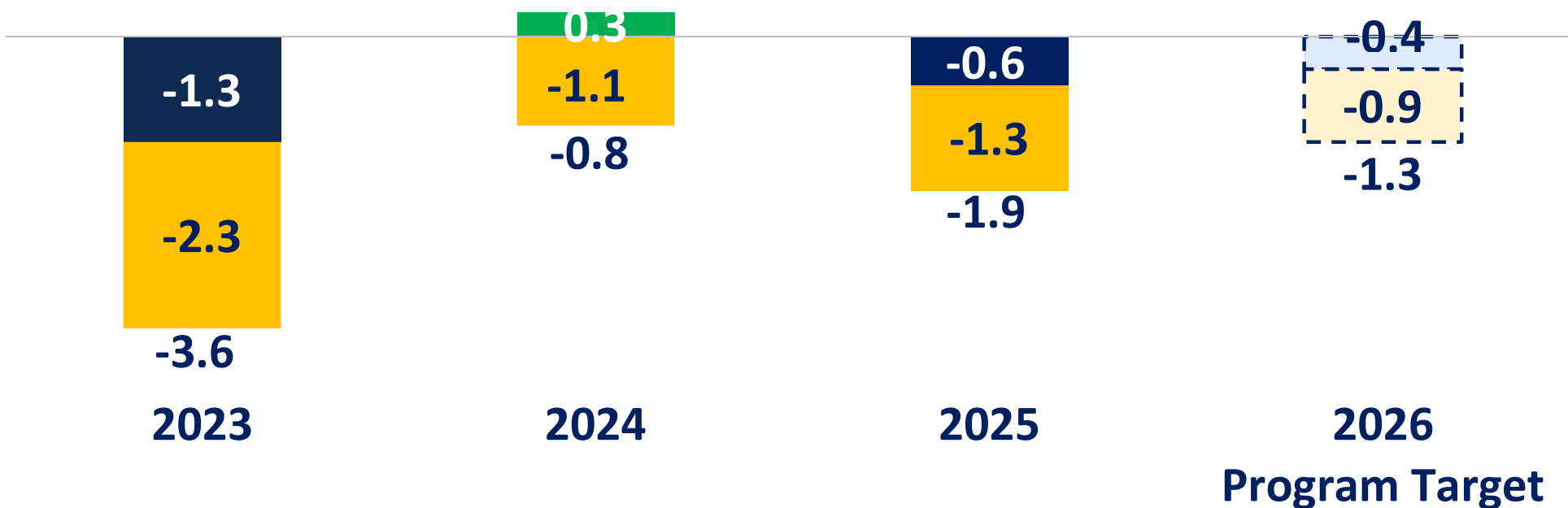


Structural improvement in C/A

Current Account Balance (% GDP)

■ C/A balance exc'l gold

■ Net gold imports

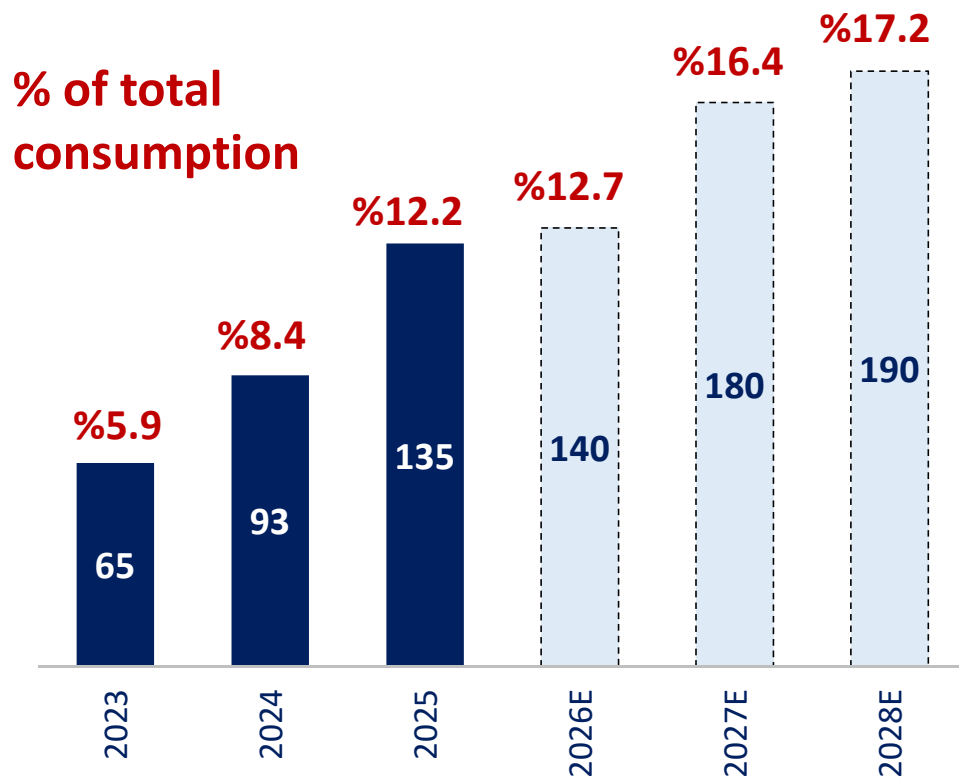


Drivers of sustainable current account balance

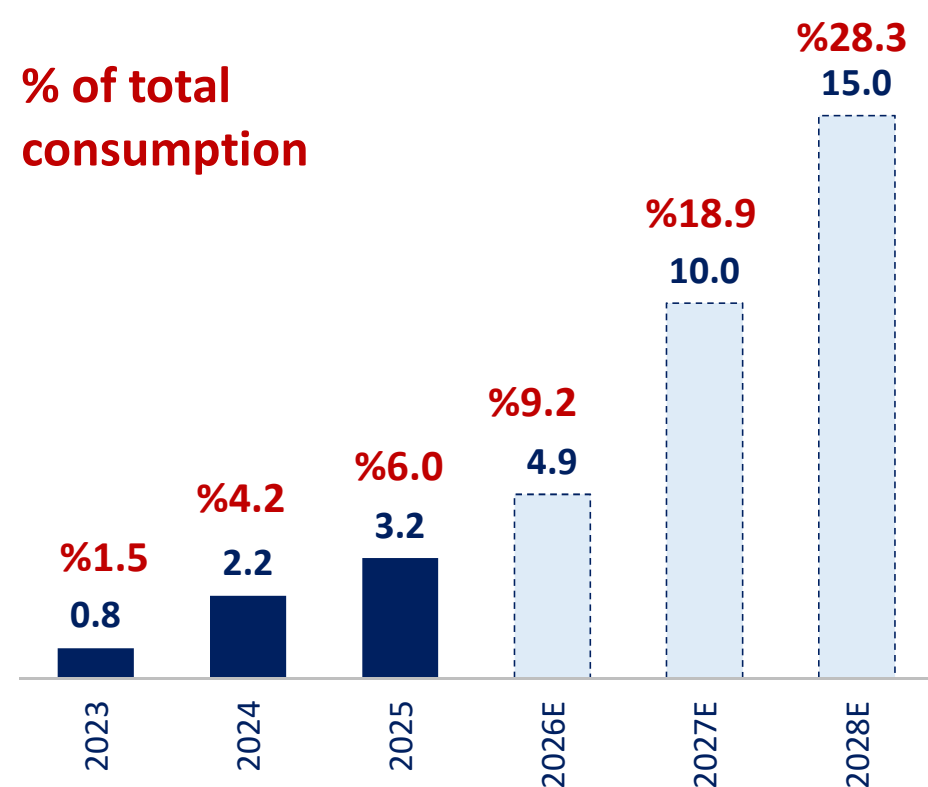
- **Boosting domestic oil & gas output**
- **Accelerating green transition, reducing import dependency**
- **Expanding services surplus**
- **Moving up the value chains via industrial policy initiatives**
- **Investing in resilience & competitiveness**

Structural improvement: Rising domestic oil & gas output

Oil Production (Thousand bpd)



Gas Production (bcm, annual)

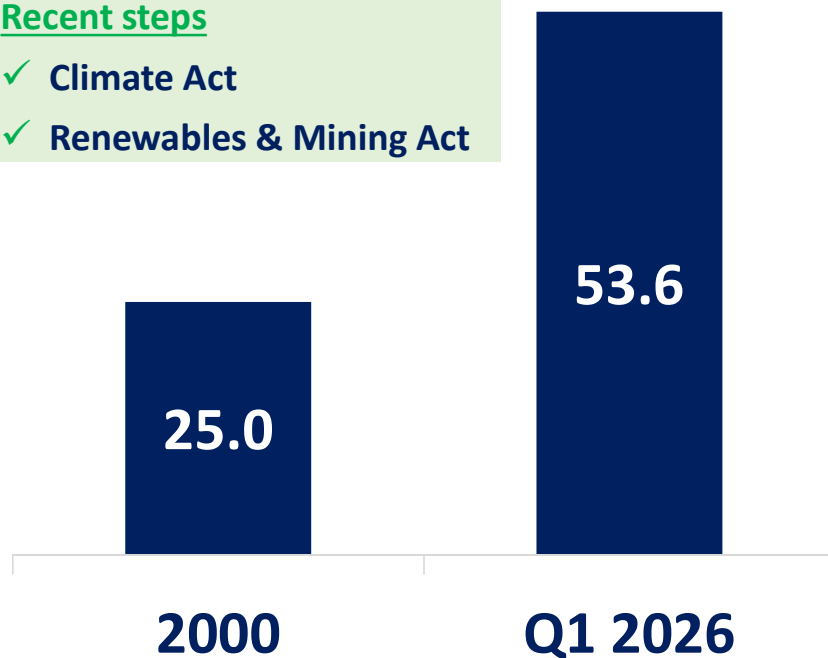


Structural improvement: Green transition

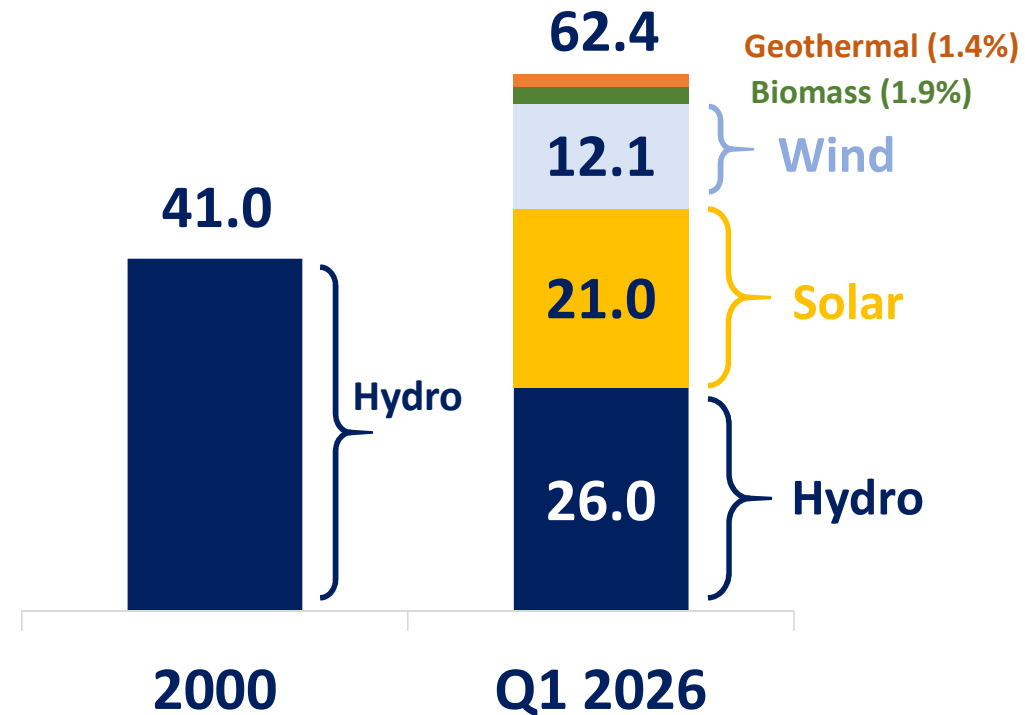
Share of renewables in electricity production (%)

Recent steps

- ✓ Climate Act
- ✓ Renewables & Mining Act

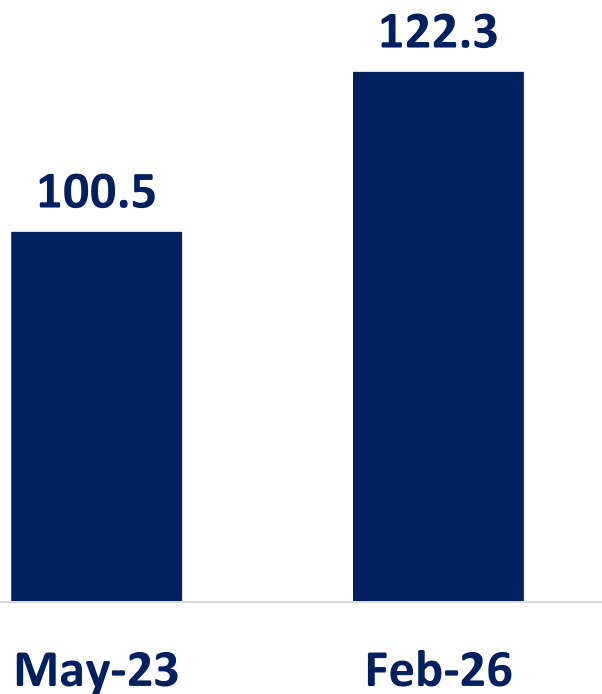


Share of renewables in installed capacity (%)

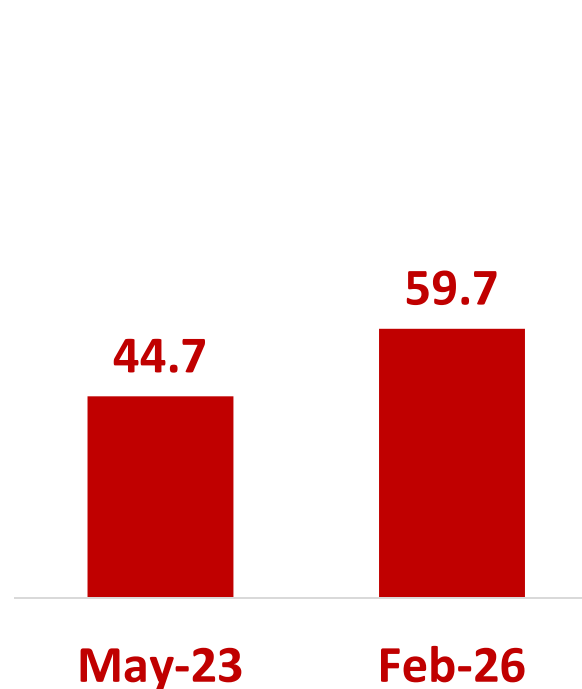


Structural improvement: Improving services exports

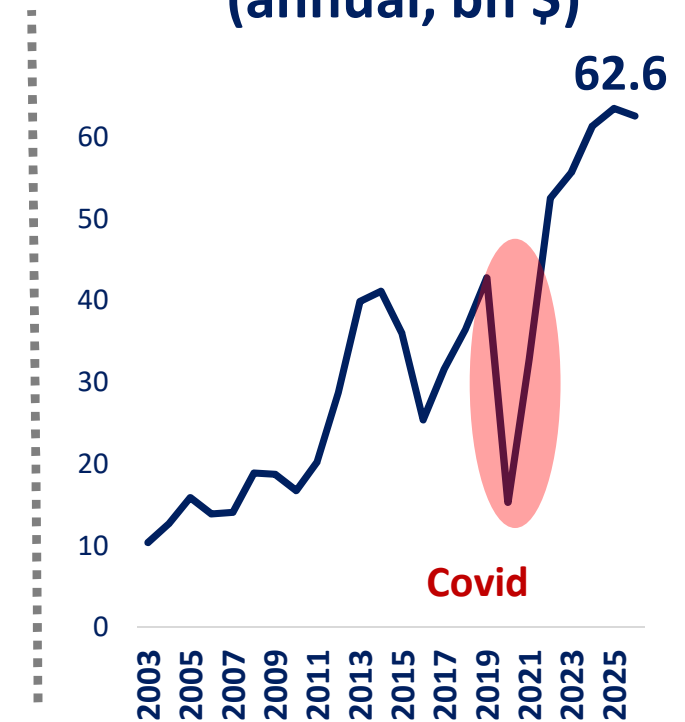
Services export
(annual, bn \$)



Services import
(annual, bn \$)



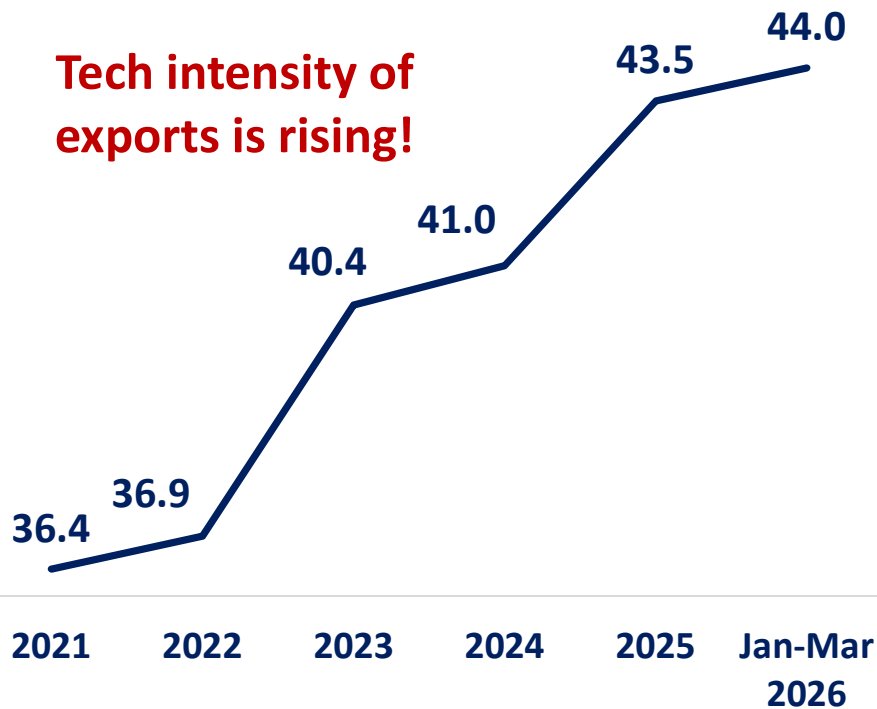
Services surplus
(annual, bn \$)



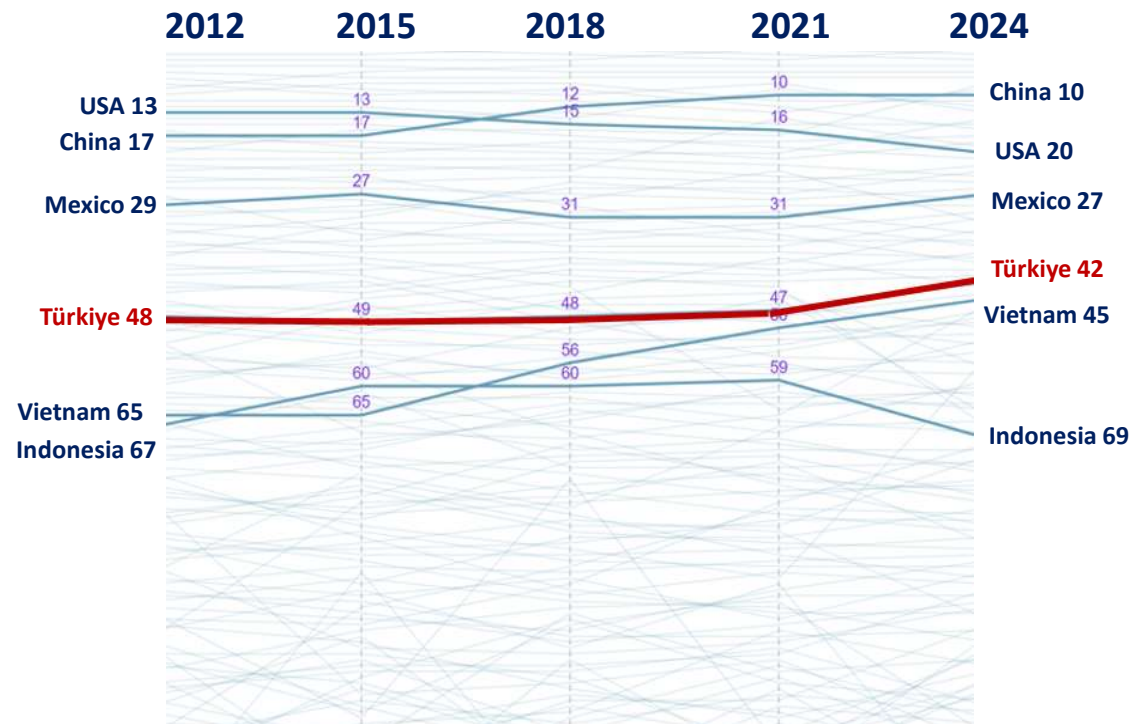
Structural improvement: Moving up the value chain

High and medium-high tech exports (% manufacturing exports)

Tech intensity of exports is rising!

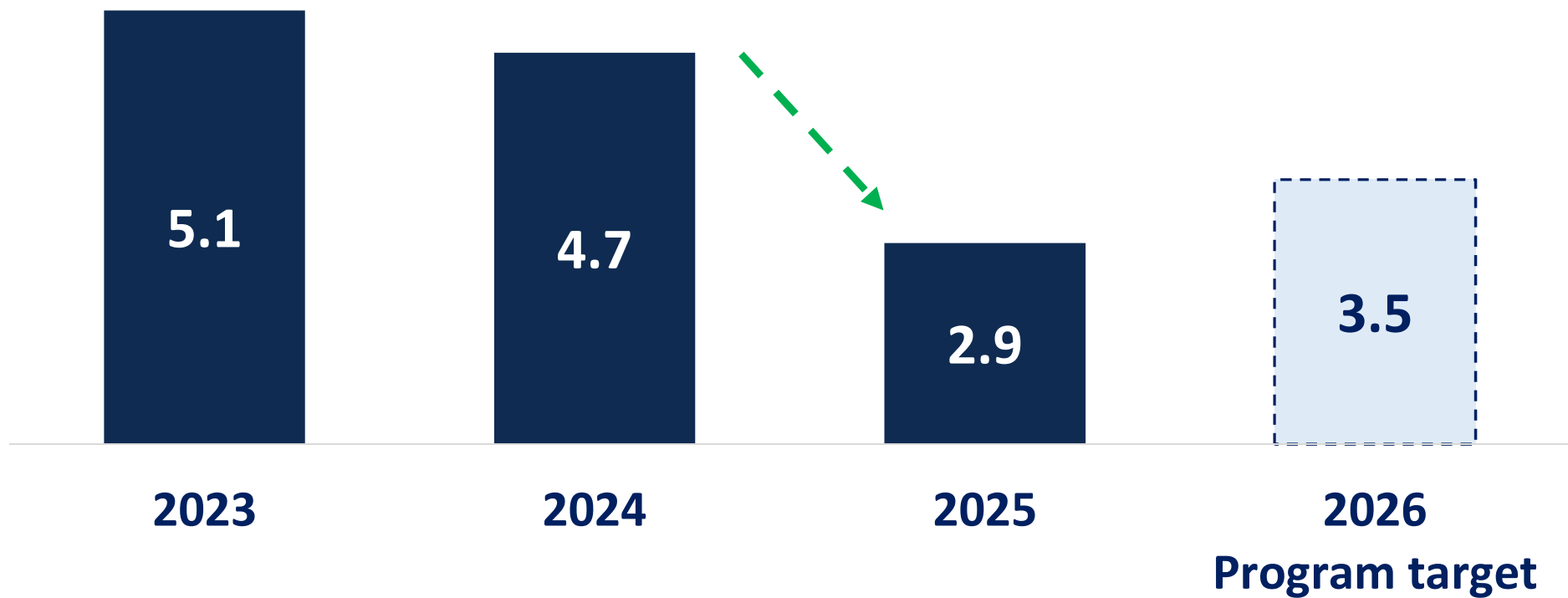


Economic Complexity Index Ranking



The Economic Complexity Index is a ranking of countries based on the diversity and complexity of their export basket

Fiscal discipline: Budget deficit (% GDP)



Fiscal discipline

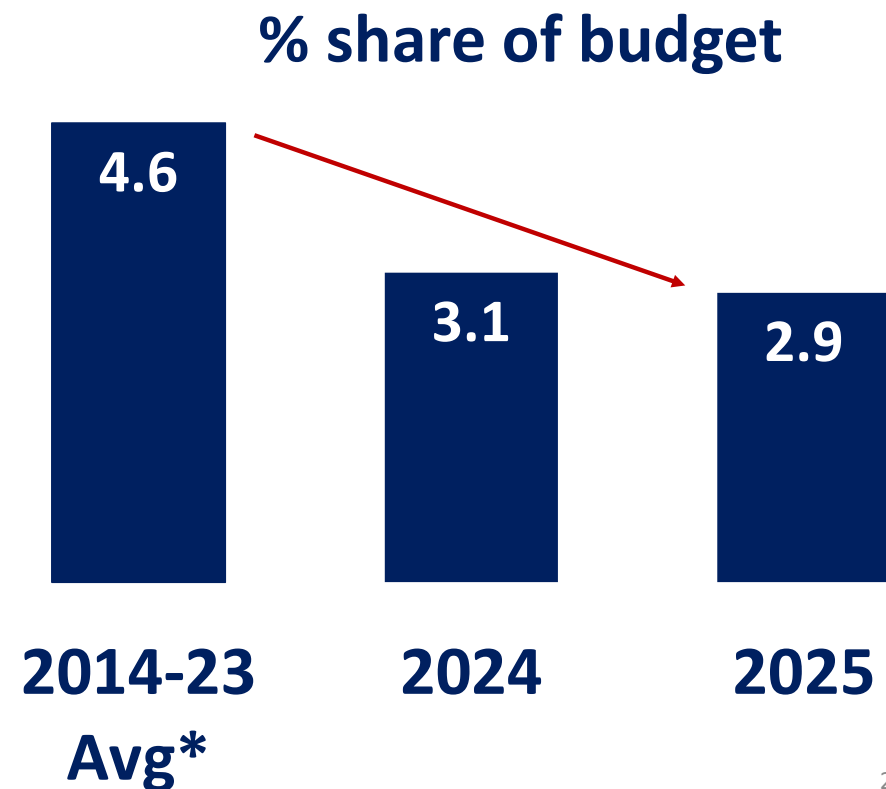
- **Maintain strong spending controls**
- **Continue to reduce tax expenditures**
- **Boost revenues via combatting informality**
- **Public finance reforms**

Fiscal discipline: Türkiye's successful DOGE scheme

Expenditures covered by the scheme

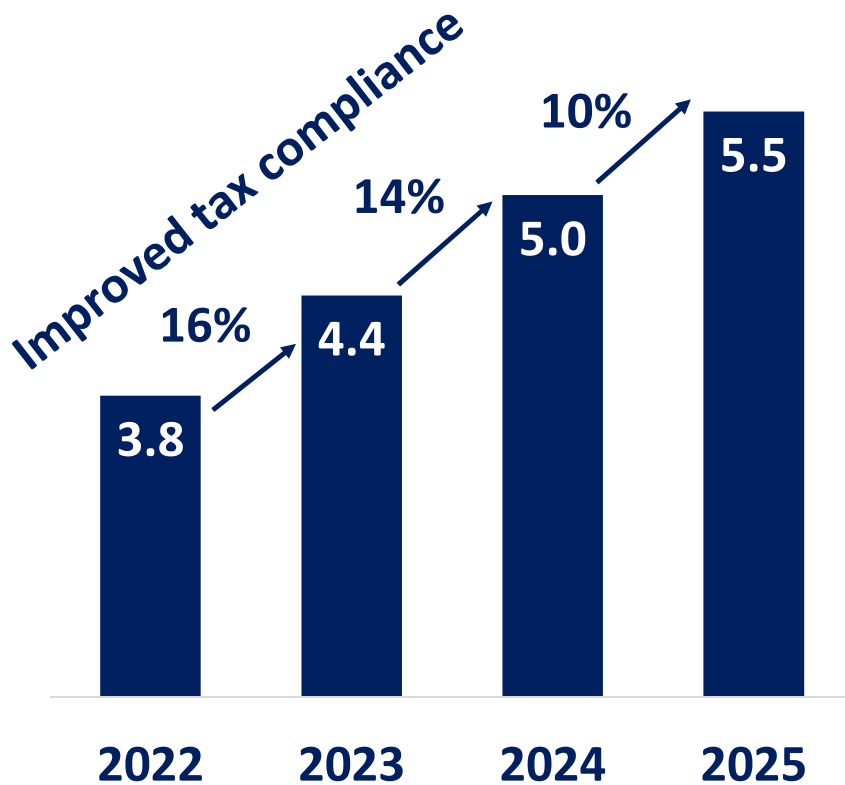
Current expenditures such as:

- Transportation vehicles
- New construction/renovations
- Cost of telecom, postal services
- Utility bills
- Office supplies
- Equipment, furniture

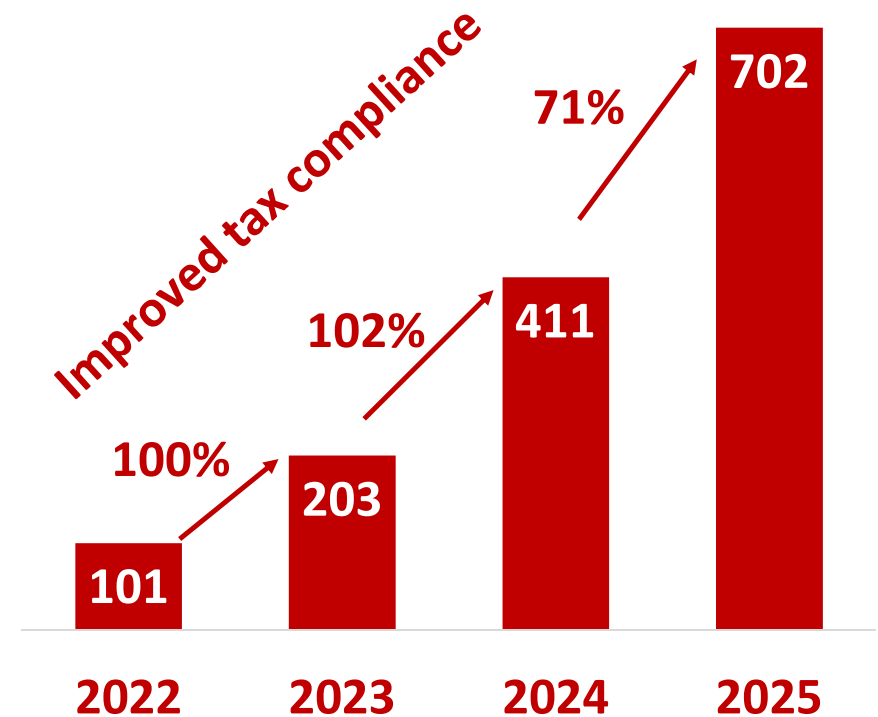


Fiscal discipline: Combatting the informal economy

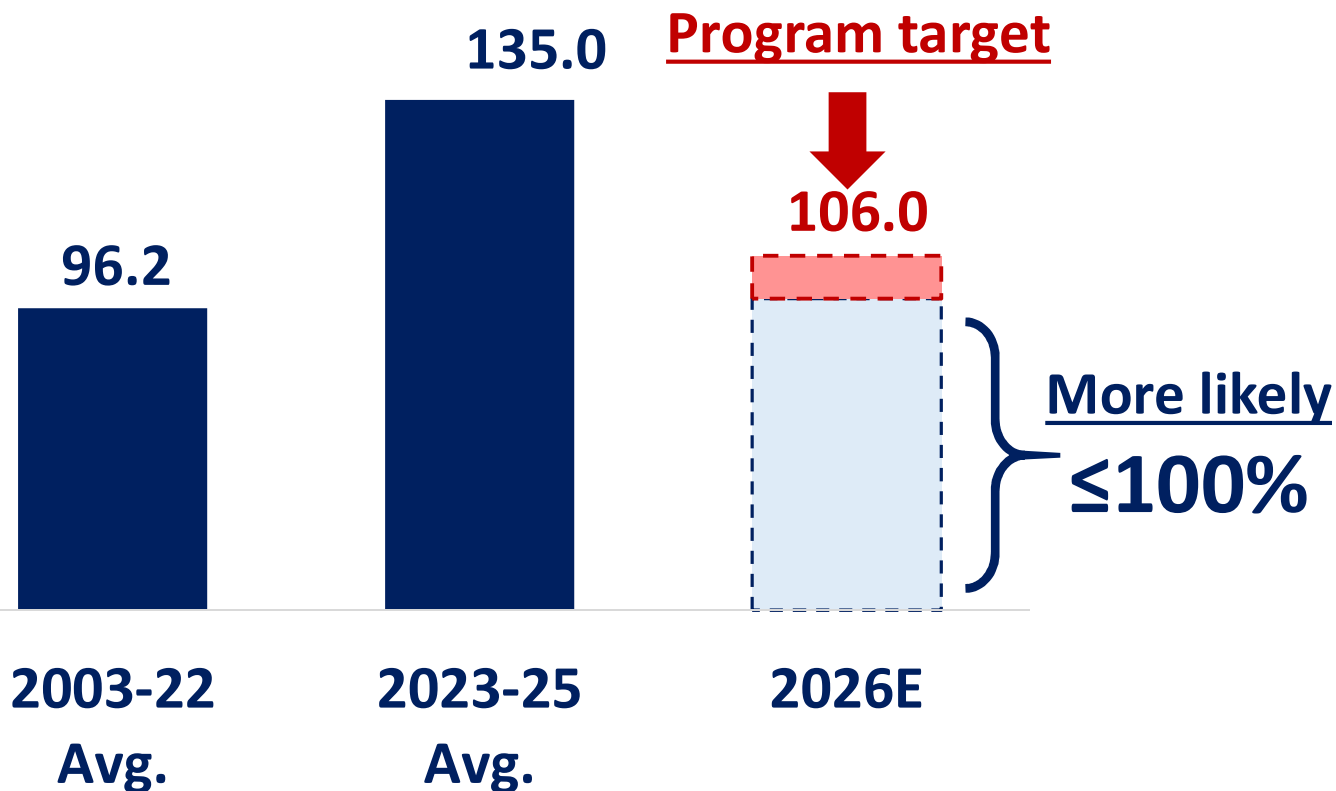
Number of personal income tax returns (million)



Increase in personal income tax revenues (bn TL)



Fiscal discipline: Domestic debt roll-over ratios (%)



Domestic debt roll-over ratio
Q1 2026

80%

Domestic debt roll-over ratio
Q2 2026

98.3%

Never waste a crisis

*“Only a crisis -actual or perceived-
produces real change*”*

*Milton Friedman

Reform agenda

- ✓ **Moving up the value chain (industrial transformation)**
- ✓ **Speeding up green transition & digital transformation**
- ✓ **Prioritizing investments in productive infrastructure (railways)**
- ✓ **Attracting FDI & talent (a major incentive package on the way)**
- ✓ **Enhancing regional integration through Kurdish reconciliation**

Medium term: Post war opportunities

Lower oil prices?

- Macro relief -

Defense industry

- Rapid scale-up -

Reconstruction

- Multi-year demand cycle -

Supply chain reconfiguration

- Strong inflow momentum -

New energy corridor

- Regional energy hub -

New trade corridors

- Corridor of growth -

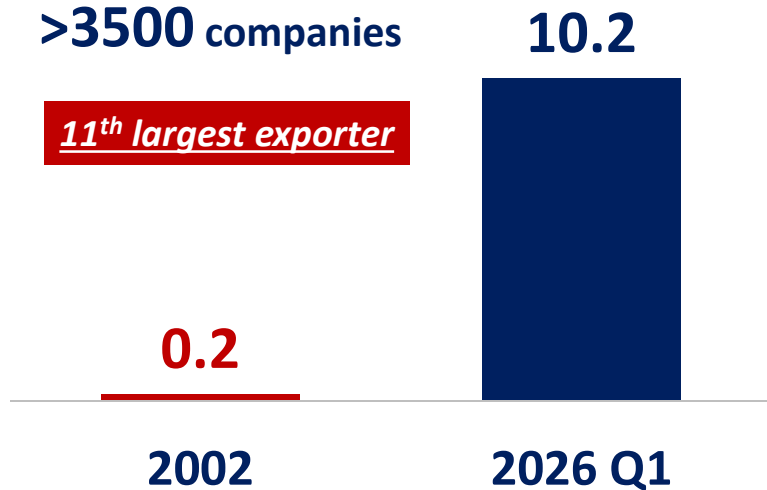
Rising defense export opportunities

Türkiye's Exports (bn \$)

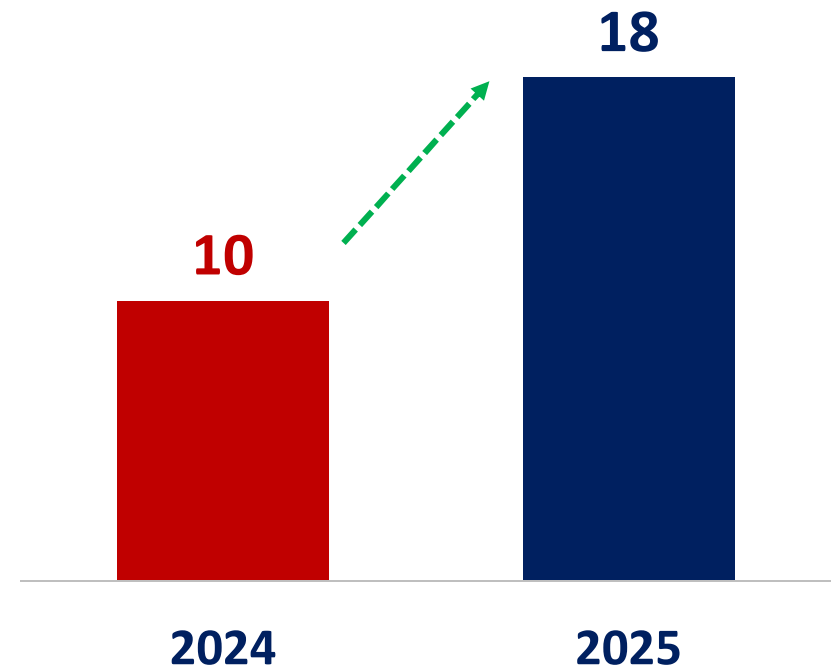
- >230 products
- >185 countries
- >1400 projects
- >3500 companies

5 companies among the World's Top 100

11th largest exporter



New orders (bn \$)



Defense capabilities as a multiplier for industrial competitiveness



Phase 1: Public-funded military technology



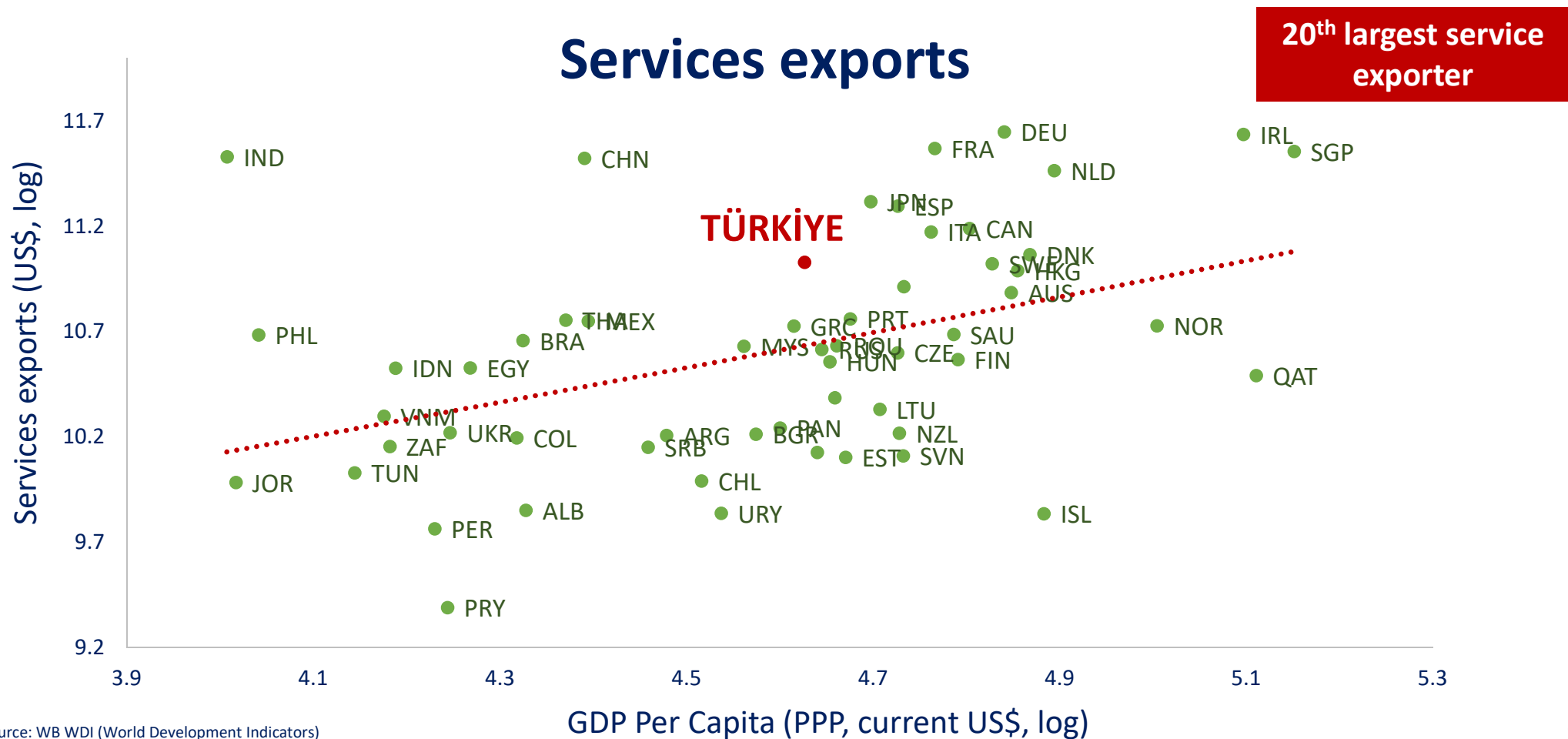
Phase 2: Dual-use form



Phase 3: Transfer to civil sectors

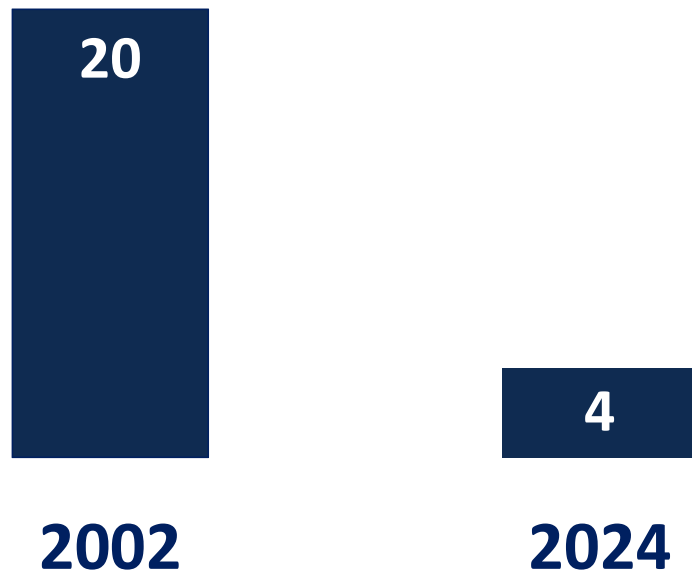
- **Sectors:** Machinery, automotive, white goods, electronics, energy equipment, rail systems, health-tech, agritech, biotech, space-tech, etc
- **Selected products:** Air traffic management, smart cities, augmented reality in healthcare & education, next generation communication systems

A large services hub

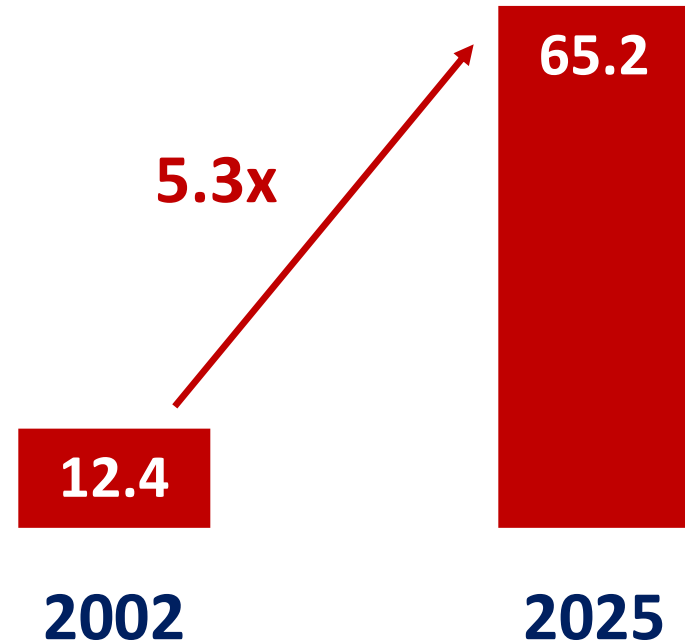


One of the top tourism destinations

Türkiye's Ranking in World Tourism (visitors)

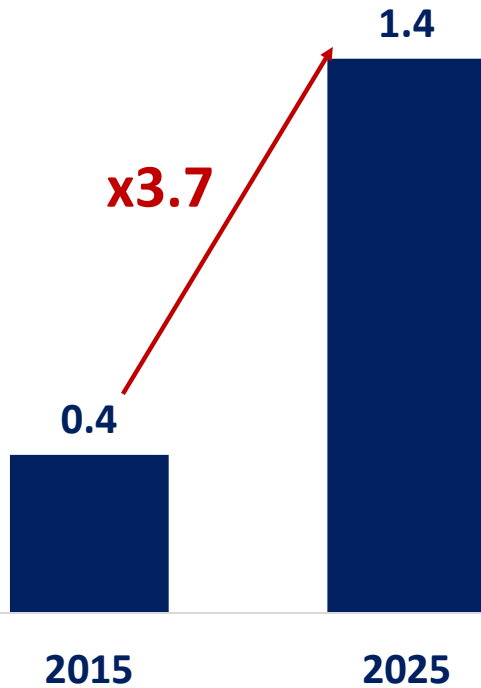


Tourism Revenue (bn \$)

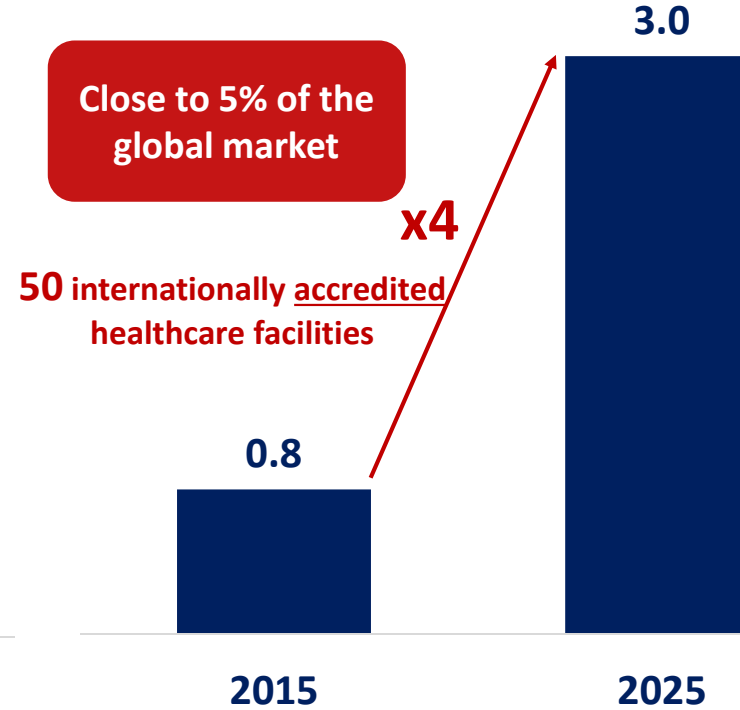


A large potential in medical tourism

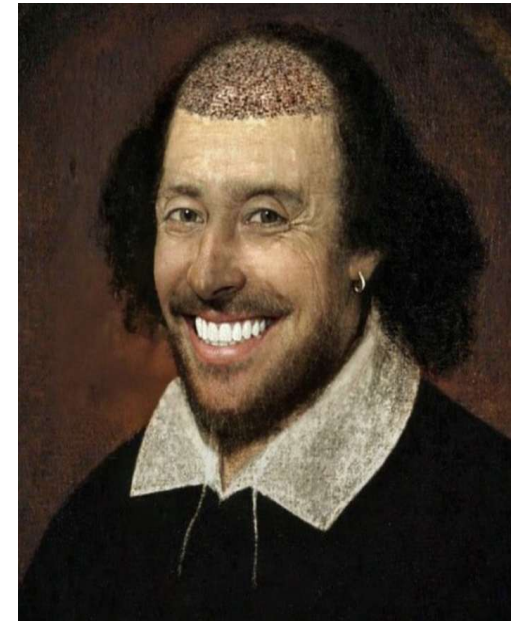
Number of medical tourists
(mn)



Healthcare tourism revenue
(bn \$)



Shakespeare after
visiting Türkiye



High potential in digital services

TV series

3.

Largest exporter of TV series



2025 exports

\$1 billion



Broadcast in

**+170
countries**



Top destinations

**Spain, Egypt,
S. Arabia**

Gaming ecosystem

2.

Istanbul &
Ankara among
top centers

*Highest number of game studios in
Europe*



796

Start-ups



6

**Exits with
+ \$100 mn**



3

Unicorns

More opportunities for Turkish construction firms

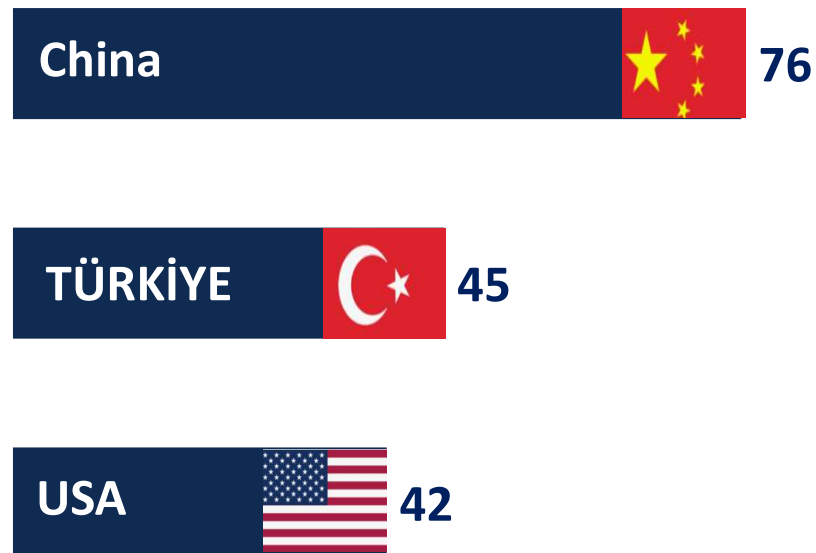
1972-2025

of projects
12,674

of countries
137

Total worth of projects
\$546.8bn

of companies in top 250 contractors (2025)



Reconstruction needs in the neighbourhood (billion \$)



Supply chain reconfiguration could boost FDI

- **A large economy with strong growth performance**
- **Resilient to global trade fragmentation**
- **Quality infrastructure & skilled labor force**
- **A strong manufacturing & services hub**
- **A gateway to Central Asia, Middle East, North Africa and Europe**

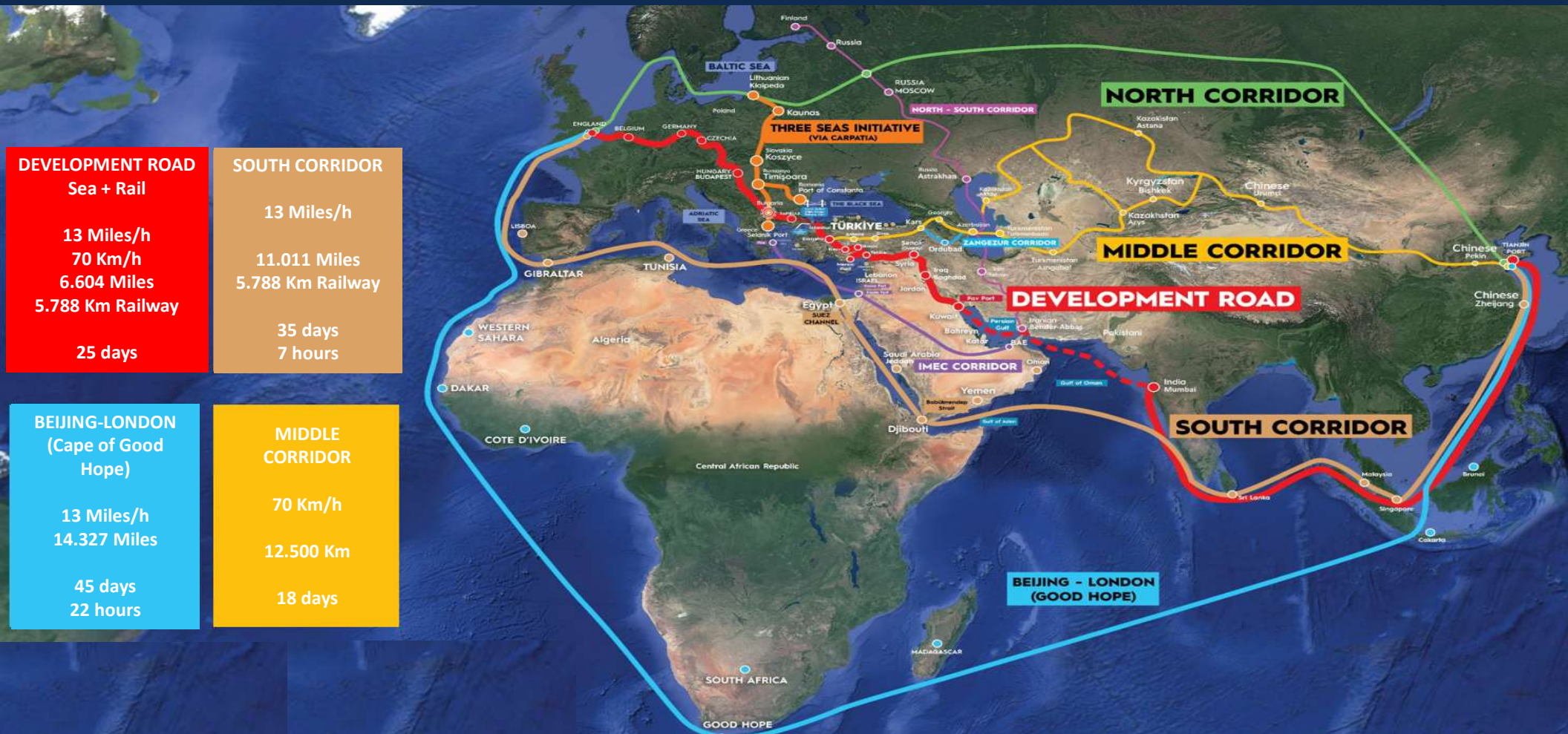
Ceyhan: A new petrochemical base



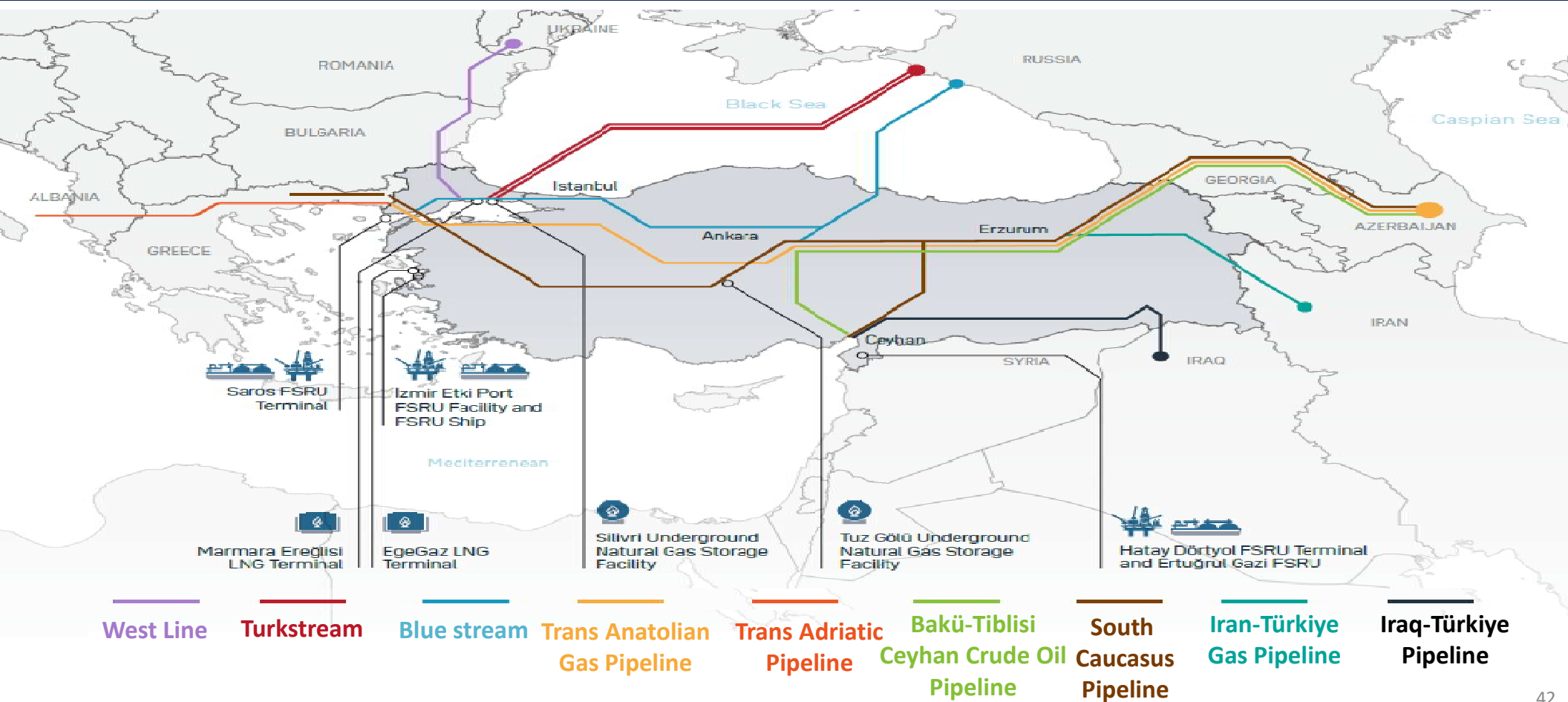
Istanbul Finance Center



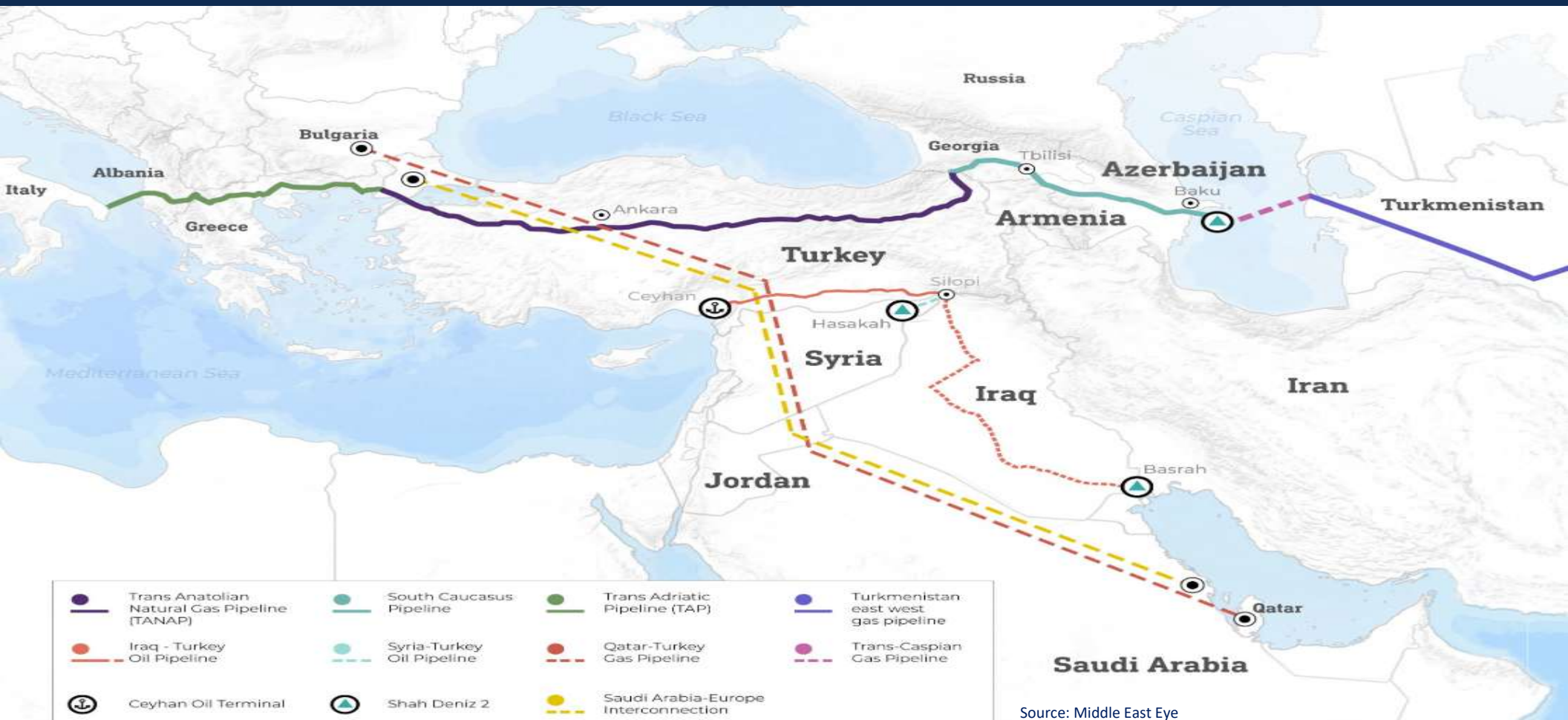
Regional integration & connectivity



War reinforces Türkiye's position as a critical energy hub



Current and possible energy lines from Türkiye



Longer term positive impacts

Broad mediation footprint



- Active across -

Proven delivery

- Black Sea Grain Initiative-

Soft power as a strategic asset

- Int'l aid (TİKA), media (TRT World), TV series -

Investor takeaway

- Mediators are stabilisers, not targets -

Mispricing

- Türkiye's strategic weight remains underpriced -

Compounding advantage

- Mediation strengthens geopolitical leverage -

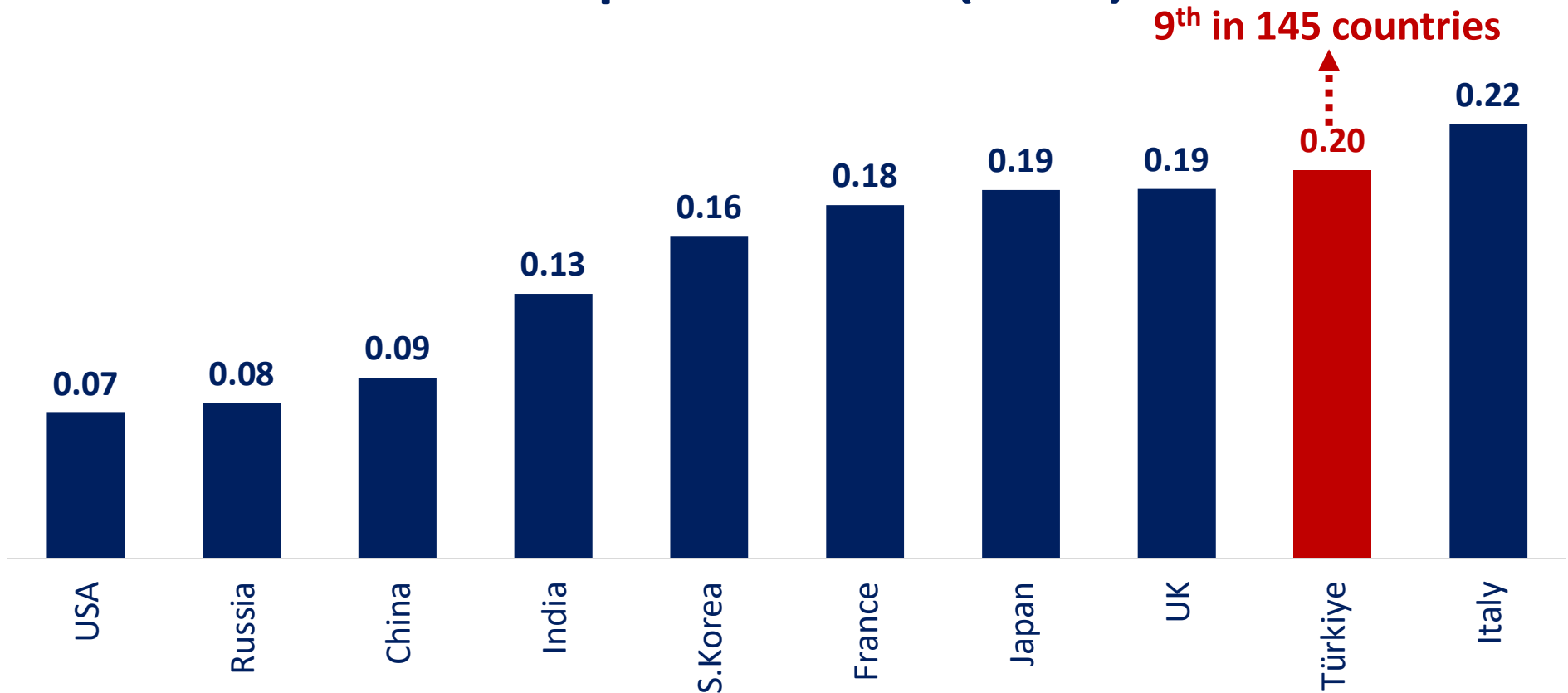
Türkiye's rising geopolitical importance

- Anchored to the West with strong ties to the East
- Build a real mediation capacity
 - Armenia-Azerbaijan
 - Russia-Ukraine
 - Iran-US
 - Israel-Gaza
 - African horn
- Strong deterrence: The second largest army in NATO

Hosting NATO & COP31 Summits in 2026

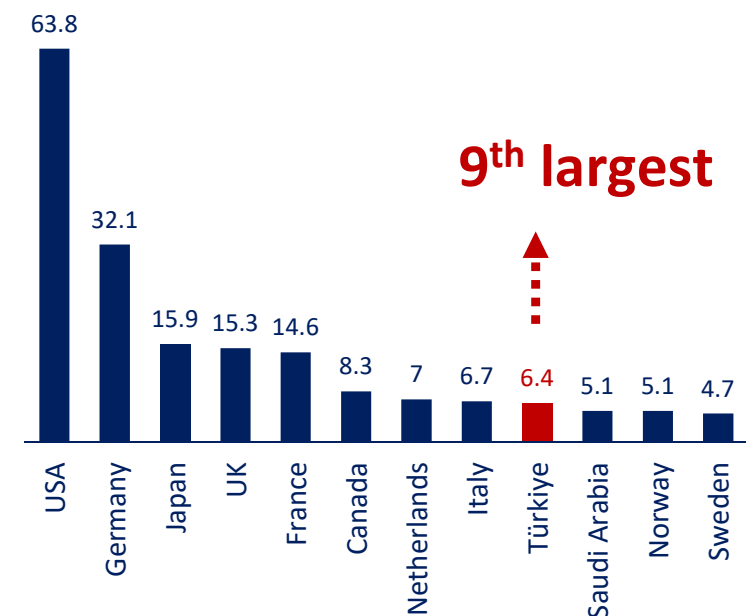
A NATO member with a strong deterrence capacity

Global Firepower Index (2026)



Türkiye as an emerging soft power

Official Development Assistance (2024, \$ bn, constant 2023 prices*)

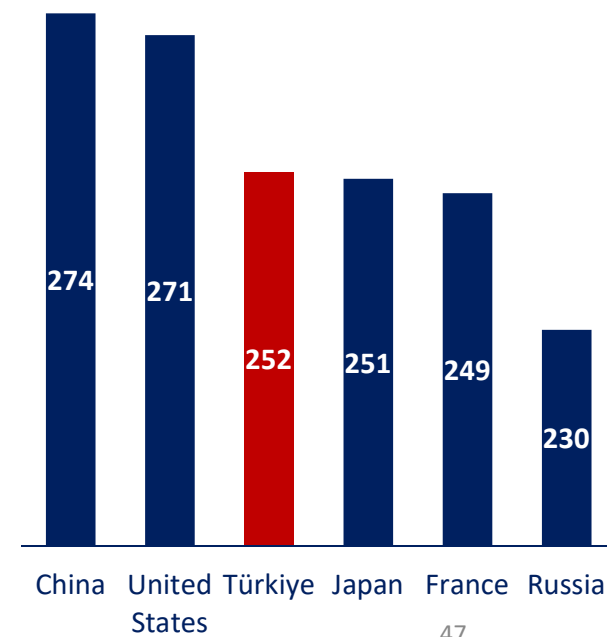


Turkish Airlines

With 356 destinations in 132 countries, Turkish Airlines runs the largest international network globally



Diplomatic Missions (number of total posts)



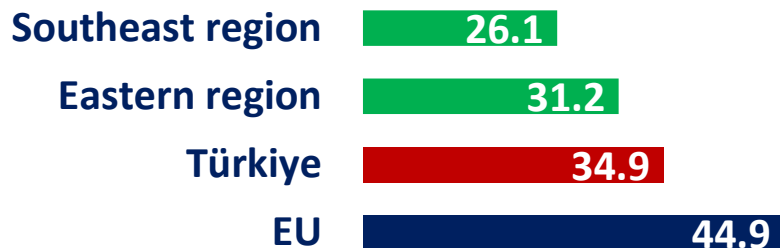
Significance of PKK disbanding & disarming itself

Türkiye's new engine of growth

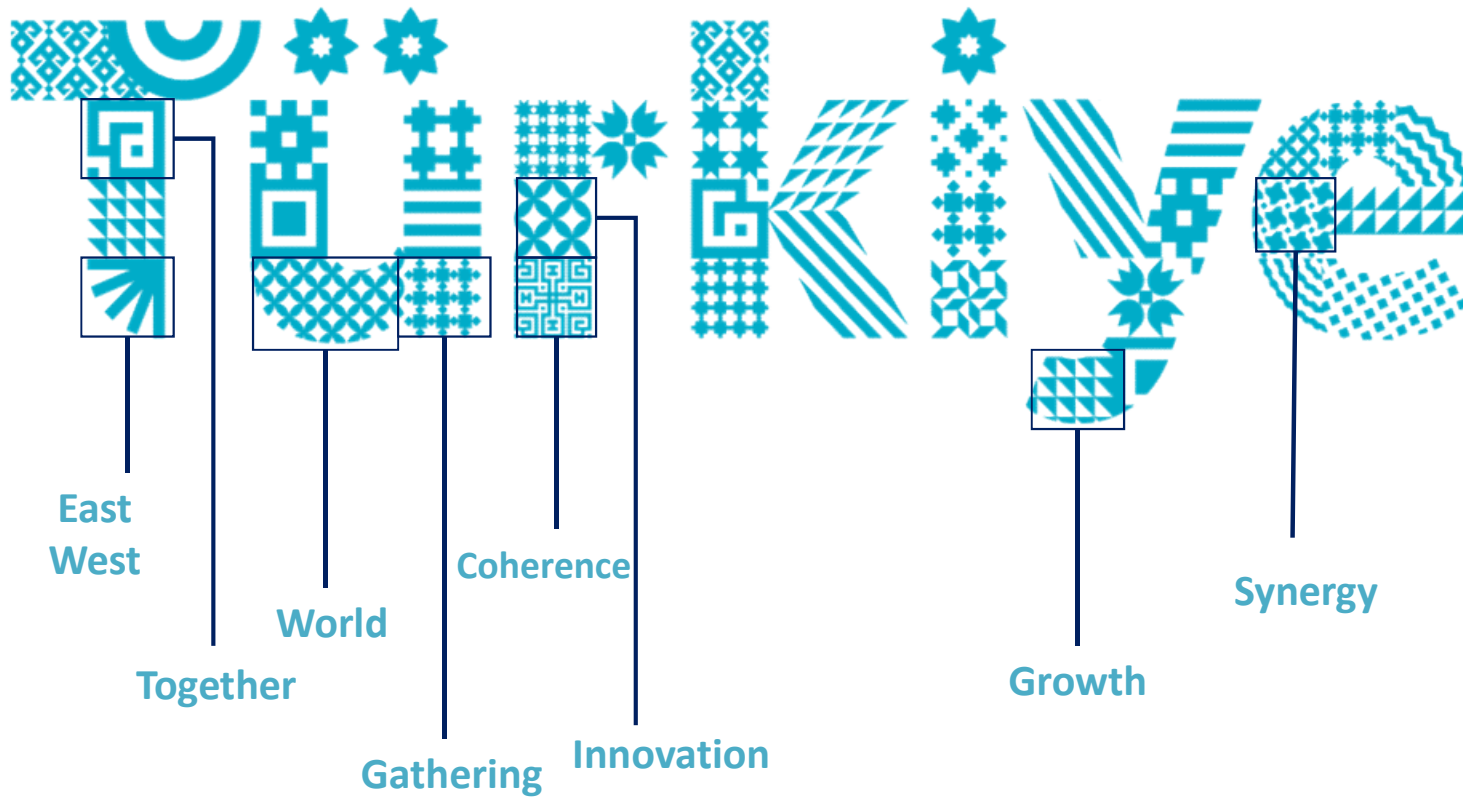
Real GDP per capita growth rate
(annual average, 2004-2024, %)



Median age (2025)



- New investment frontier
- Enhanced prospects for regional integration



THANK YOU