



MONTHLY ECONOMIC REVIEW

Economic Research Department
August 2007

- ▶ *Increasing tendency in foreign capital inflows to Turkey, due to the favorable global liquidity conditions and the positive expectations ahead of the elections, gained momentum in line with the market friendly election outcome.*
- ▶ *On the other hand, the developments in the US economy, especially in the housing sector, could change the global risk perception quickly. Indeed, the concerns that the problems in the subprime mortgage market could spread to the overall economy increased the volatility in the markets in July. Despite the positive market sentiment after the elections, Turkey was also among the emerging countries adversely affected from this shift in investors' behavior.*
- ▶ *The domestic demand, which has slowed down since the second half of 2006, is expected to gain momentum in the second half of 2007. The consumption and investment expenditures are expected to increase due to the diminishing political uncertainties and positive expectations.*
- ▶ *In the coming period, the acceleration in domestic demand and the appreciation of TRY together with the high oil prices might have adverse effects on the current account deficit.*
- ▶ *The increase in non-interest expenditures due to the elections, raised the concerns over the fiscal discipline. The Ministry of Finance revised the year-end budget deficit target from TRY16.8 billion to TRY8.5 billion and announced that blockage on some expenditures and other related measures would be implemented decisively in the second half of the year.*
- ▶ *If the ambiguity over the presidency elections lasts for a long time, the establishment of political stability might be delayed. In addition to this, considering the geopolitical risks in the Middle East, a possible increase in the global risk perception would have significant impacts on the Turkish economy.*

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TURKISH ECONOMY

After the elections...

The outcome of the elections secured the continuation of the single party government. However, the number of parliamentary seats of the major party fell short of the majority needed to amend the constitution. The election results were welcomed by the markets in terms of the continuation of the economic reforms and social compromise.

Increasing tendency in foreign capital inflows to Turkey, due to the favorable global liquidity conditions and the positive expectations ahead of the elections, gained momentum in line with the market friendly election outcome. In this period, \$/TRY parity declined to six-month low while the interest rate of the benchmark bond decreased to 17.18%, which was below the Central Bank's policy rate.

Concerns about the US housing market...

On the other hand, the developments in the US economy, especially in the housing sector, could change the global risk perception quickly. Indeed, the concerns that the problems in the subprime mortgage market could spread to the overall economy increased the volatility in the markets in July. Dollar depreciated against the major currencies due to these risks about the US economy. The depreciation of Dollar against Yen in particular, unwinded Yen carry trades and adversely affected the capital flows to emerging markets. Despite the positive market sentiment after the elections, Turkey was also among these emerging countries.

Domestic demand is expected to gain momentum.

The domestic demand, which has slowed down since the second half of 2006, is expected to gain momentum in the second half of 2007. The consumption and investment expenditures are expected to increase due to the diminishing political uncertainties and positive expectations. The anticipated fall in interest rates might also support this trend.

The continuation of FDI inflows is crucial.

In the coming period, the acceleration in the domestic demand and the appreciation of TRY together with the high oil prices might have adverse effects on the current account deficit. In this respect, the continuation of the FDI inflows backed by the privatizations is crucial.

Reestablishment of the fiscal discipline is critical.

The non-interest budget expenditures surged by 26% in the first half of the year due to the elections. The significant increases in agricultural subsidies and health expenditures pointed out deviation from fiscal discipline. The reestablishment of the fiscal discipline via taking the necessary measures on expenditures is critical in terms of its support to the decline in inflation and interest rates.

The ambiguity over the presidency elections continues.

Diminishing political uncertainties after the elections would improve economic conditions. However, if the ambiguity over the presidency elections lasts for a long time, the establishment of political stability might be delayed. In addition to this, considering the geopolitical risks in the Middle East, a possible increase in the global risk perception would have significant impacts on the Turkish economy.

Industrial production increased by 5.2% in May.

In May, industrial production increased by 5.2%, well above the expectations. In this period, the coke and refined petroleum products and manufacture of electrical machinery and apparatus made the highest contributions to industrial production. Hence, the average increase in industrial production during the January-May period (6.1%) exceeded the increase in the same period of 2006 (5%).

The textile sector, which negatively affected the industrial production in the first five months of the previous year, provided one of the highest contributions to the industrial production in the same period of this year. Also, it was noteworthy that along with the brisk construction activity the manufacture of non-metallic mineral products continued to contribute significantly to the industrial production in the first five months of 2007 like in the same period of the previous year. Nonetheless, the growth rates recorded in April and May remained below the previous year's levels.

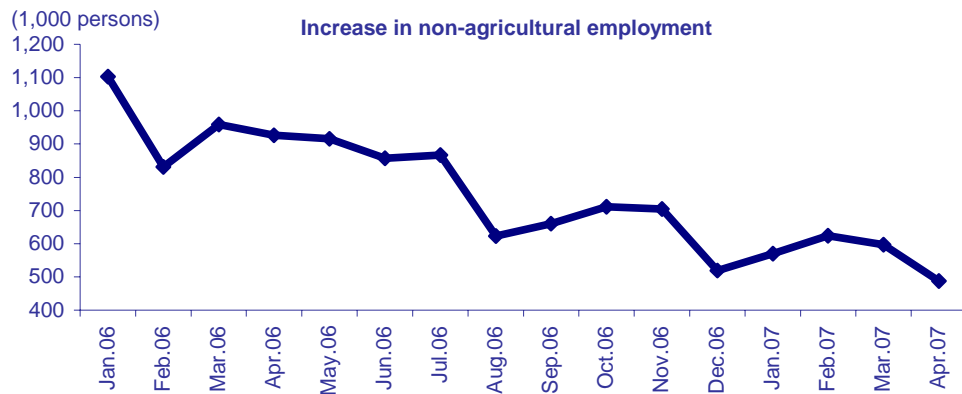
This pointed out that the increase in industrial production might have limited contribution to the second quarter growth figures.

January-May 2007		January-May 2006	
Increase in manufacturing industry (%)	5.5	Increase in manufacturing industry (%)	4.7
Positive contributors to the manufacturing industry (% points)			
Non-metallic mineral products	0.94	Non-metallic mineral products	1.33
Textile	0.74	Coke, refined petroleum products	1.17
Fabricated metal products	0.74	Motor vehicles	0.77
Wearing apparel	0.70	Furniture	0.61
Coke, refined petroleum products	0.65	Electrical machinery	0.60
Negative contributors to the manufacturing industry (% points)			
Radio, TV and communication apparatus	-0.38	Textile	-0.71
Basic metals	-0.22	Basic metals	-0.49

Source: Turkstat, Isbank Economic Research Department

The services and construction employment slowed down.

The non-agricultural employment continued to increase despite a slowdown in recent months. According to the Household Labor Survey of April, non-agricultural employment increased by 486 thousand persons compared to the same period of the previous year. This increase was 926 thousand persons in April 2006. The slowdown in services and construction sectors' employment was responsible for this deceleration. On the other hand, the agricultural employment, which decreased significantly in 2006, followed a rising trend in 2007 despite a slight decrease in April. Thus, in April, the unemployment rate declined from 9.9% to 9.8% while non-agricultural unemployment rate declined from 12.5% to 12.4%.



Source: Turkstat

Of those who were employed in April 2007; 26.7% was employed in agriculture, 19.5% in industry, 5.5% in construction and 48.3% in services. Compared to the same period of the previous year, the share of agriculture in employment decreased while the shares of industry and services increased. The share of employment in construction remained the same.

Higher than expected foreign trade deficit in June...

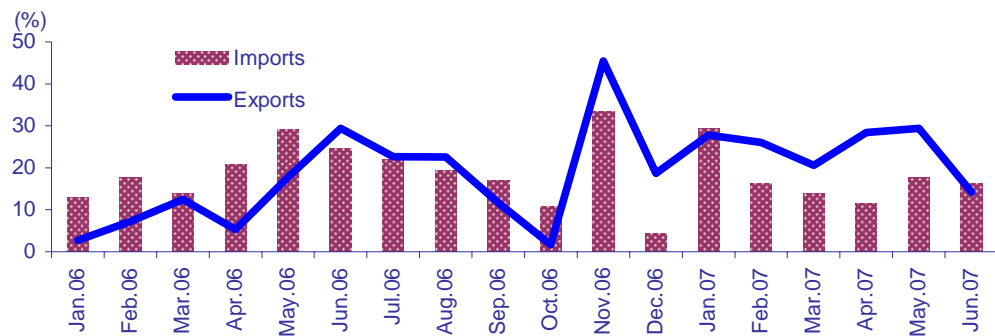
In June, exports increased by 14.2% to \$8.9 billion while imports rose by 15.6% to \$14.4 billion compared to the same period of the previous year. The foreign trade deficit was realized as \$5.5 billion, above expectations. Thus, the increase in imports surpassed that of exports for the first time since January and the slowdown in the widening of the deficit in February-May period paused in June. Nonetheless, according to the cumulative figures in the first half of the year, the increase in exports was still above that of imports. The foreign trade deficit in the same period widened by 6.1%. However, reminding that the increase in the foreign trade deficit was 33.8% in the same period of the previous year, the deceleration in the widening of the deficit was remarkable.

(\$ million)	June		Change	January-June		Change
	2006	2007	(%)	2006	2007	(%)
Exports	7,815	8,927	14.2	39,915	49,460	23.9
Imports	12,466	14,414	15.6	66,294	77,439	16.8
Foreign Trade Balance	-4,650	-5,486	18.0	-26,378	-27,979	6.1
Coverage Ratio (%)	62.7	61.9		60.2	63.9	

Source: Turkstat

In June, exports lost momentum while imports of consumption goods slightly increased.

The lowest increase in exports in this year was registered in June. This deceleration stemmed from the weak basic metal industry and motor vehicles exports together with the strong base year. The imports of consumption goods, which showed a declining trend during February-April period, started to increase slightly since May. The imports of intermediate goods kept their high rate of growth while the monthly increase of the capital goods imports exceeded that of the same period of the last year for the first time in June.



Source: Turkstat

Graph shows the % change compared to the same month of the previous year.

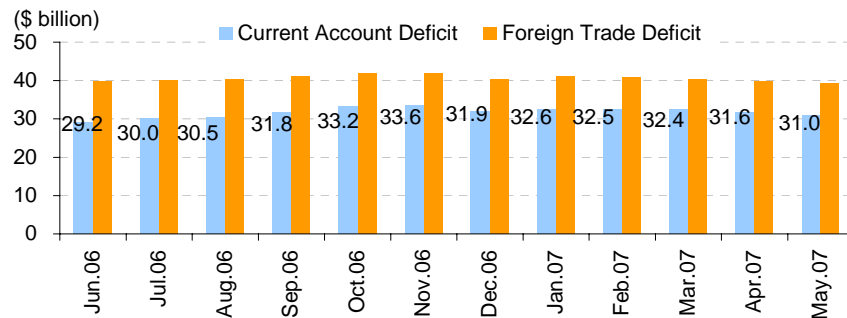
Widening in the foreign trade deficit is likely to accelerate in the second half.

The diminishing political uncertainties after the elections and the expected fall in interest rates would support the domestic demand in the second half of the year. This revival in domestic demand in turn might increase the imports of consumption goods which declined by 1.1% in the first half of 2007. Besides, imports of intermediate and capital goods are likely to accelerate along with the rise in investments. Considering that the crude oil prices approached \$/barrel 80, the widening in the foreign trade deficit would accelerate in the second half of the year.

According to the data released by the Turkish Exporters' Assembly, exports reached \$8.9 billion in July increasing by 28.2% compared to the same month of the previous year.

Current account deficit narrowed by 14.3% in May.

In May, the current account deficit contracted by 14.3% compared to the same month of the previous year and was realized as \$3.5 billion. In the first five months of the year, the deficit also narrowed by 5.3% compared to the same period of the previous year and was realized as \$15.8 billion. 12-month cumulative figures indicated that current account deficit, narrowing since February, was realized as \$31 billion as of May, 2007.



12 month cumulative figures.

In addition to the slowdown in foreign trade deficit, the revival in tourism revenues compared to the previous year continued to limit the widening in current account deficit. According to the balance of payments data, the solid export performance led to a 7.8% contraction in foreign trade deficit in May and 5.8% drop in the first five months of the year. During January-May period, the number of tourists increased by 18% boosting the net tourism revenues by 10.9%. Besides, the improvement in the income balance in May supported the lower than expected current account deficit.

(\$ million)	May		Change	Jan.-May		Change
	2006	2007	(%)	2006	2007	(%)
Current Account Balance	-4,088	-3,504	-14.3	-16,723	-15,833	-5.3
Foreign Trade Balance	-4,606	-4,248	-7.8	-17,461	-16,452	-5.8
Services Balance	1,016	1,073	5.6	2,789	3,073	10.2
Tourism Revenues (net)	998	1,197	19.9	3,156	3,499	10.9
Income Balance	-653	-437	-33.1	-2,593	-2,934	13.2
Current Transfers	155	108	-30.3	542	480	-11.4
Capital and Financial Accounts	3,383	2,541	-24.9	15,867	12,816	-19.2
Foreign Direct Investments (net)	6,723	898	-86.6	8,569	9,588	11.9
Portfolio Investments (net)	-3,107	8	-	-114	7,141	-
Other Investments (net)	-1,564	1,185	-	13,581	1,181	-91.3
Reserve Assets (net)	1,331	450	-66.2	-6,169	-5,094	-17.4
Net Errors and Omissions	705	963	36.6	856	3,017	252.5

Source: CBRT

FDI inflows covered 60.6% of the current account deficit.

In the first five months of the year, FDI inflows, which amounted to \$9,588 million, covered 60.6% of the current account deficit. Oger's \$4.3 billion of payment for the sale of Türk Telekom, which was financed via long-term loans, was registered in the other investments account instead of foreign direct investments account. Portfolio investments registered a net inflow of \$7,141 million in the January-May period of 2007 whereas there was a net outflow of \$114 million in the same period of 2006.

Credits raised by banks from abroad remained below the previous year's level.

Although the other investments account had recorded a net inflow of \$13.6 billion in the January-May 2006 period, net inflows were realized as only \$1.2 billion in the same period of 2007. During this period, the funds raised by the banks from abroad remained below the previous year's level while the funds obtained by the other sectors kept their high level with \$12.1 billion.

The improvement in the current account deficit might lose momentum.

The cooling domestic demand, the vigorous exports and the rise in tourism revenues supported the improvement in current account deficit. Nonetheless, the possible revival of domestic demand after the elections, high level of energy prices and appreciation of TRY point out that the improvement in the current account deficit might lose momentum in the second half of the year. Besides, the course of the €/\$ parity would have impacts on the current account deficit. The high level of the current account deficit makes Turkish economy fragile to possible unfavorable global liquidity conditions.

The budget gave a deficit of TRY2.5 billion in June.

The budget posted a deficit of TRY2.5 billion in June bringing the year to date deficit to TRY5.9 billion. In this period, the primary surplus (Ministry of Finance definition) was realized as TRY21 billion and reached 58.2% of the year-end target. Considering the deficit of TRY2.4 billion and primary surplus of TRY25.3 billion in the first half of last year, the realizations of 2007 pointed out a weaker budget performance compared to 2006.

Non-interest expenditures increased by 36% in June.

Non-interest budget expenditures rose by 36% while budget expenditures increased by 31.5% in June. As a result, the cumulative expenditures in the first half of 2007 reached 49.1% of the year-end target. In this period, interest expenditures increased by 17.6% while non-interest expenditures surged by 25.7%. The increase in non-interest expenditures stemmed from the rise in current transfers, capital expenses and transfers. Social security deficit finance and

agricultural subsidies which were allocated earlier this year continued to make pressure on budget expenditures in June.

Budget revenues decreased by 3.5% in June. Despite the additional revenues due to the privatization of Halkbank and Türk Telekom, in the first half of 2007 the budget revenues reached only 50.4% of the year-end target. The increase in tax revenues was limited at 7% in the first six months. The tax cuts and weak domestic demand were responsible for the low tax revenues. Indeed, domestic taxes on goods and services increased by 1.4% while corporate tax collection declined by 5.1%.

The Ministry of Finance revised the year-end targets and announced that the blockage on some expenditures and other related measures would be implemented decisively in the second half of the year. Accordingly, the year-end expenditures target was decreased to TRY201,872 million while year-end revenue target was increased to TRY193,345 million thus bringing the budget deficit target to TRY8,527 million.

Budget revenues decreased by 3.5% in June.

(TRY million)	June 2007	Annual Change (%)	Jan.-Jun. 2007	Annual Change (%)	Budget Target	Realization/Target (%)
Expenditures	17,186	31.5	100,679	23.4	204,989	49.1
Interest Exp.	3,228	14.8	26,893	17.6	52,946	50.8
Non-interest Exp.	13,958	36.1	73,786	25.7	152,043	48.5
Revenues	14,645	-3.5	94,795	12.8	188,159	50.4
Tax Revenues	11,364	2.1	70,588	7.0	158,153	44.6
Other Revenues	3,281	-19.0	24,207	34.1	30,006	80.7
Budget Balance	-2,541	-	-5,885	-	-16,830	35.0
Primary Balance	687	-86.1	21,009	-17.0	36,116	58.2

Source: Ministry of Finance

Budget realizations would be monitored in terms of the inflation target.

We expect that the 2007 central government budget targets would be achieved, thanks to the savings measures and probable increase in tax revenues along with the enlivening economy in the second half of the year. However, since fiscal discipline is critical for the inflation target, budget realizations would be monitored closely for the course of monetary policy in the coming period.

CBRT expects the inflation to decline gradually in the third quarter of 2007.

In the Central Bank's third Inflation Report in 2007, it was stated that the monetary transmission mechanism had proven to be more effective although the domestic demand needed to stay under control for a while in order to reach the medium-term inflation target of 4%. Besides, the higher than expected increase in government expenditures was emphasized as a risk factor in terms of budget discipline and price stability. According to CBRT, the strong TRY, the lagged effects of the monetary tightening and the strong base in the second half of 2006 would help the inflation to continue its gradual decrease in the third quarter of 2007.

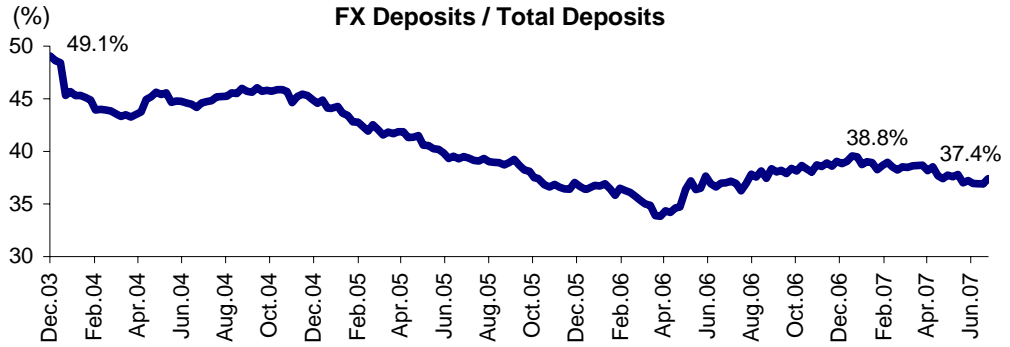
With 70% possibility, inflation will be between 5.1% and 6.9% at the end of 2007.

Under the assumption that the effects of the wage increases would last throughout 2007, oil prices would continue to pose risk and the structural price stickiness in housing would persist, the improvement in services inflation would be limited. In this respect, assuming measured policy rate cuts starting from the beginning of the last quarter, CBRT's forecasts indicate that with 70% possibility inflation will be between 5.1% and 6.9% (midpoint 6.0%) at the end of 2007, and between 1.5% and 4.9% (mid-point 3.2%) at the end of 2008.

BANKING SECTOR

Deposits continued to increase.

As of July 20, 2007, the banking sector deposit volume reached TRY320.3 billion with an increase of 1.8% compared to the same week of the previous month and 7.9% compared to the end of 2006. The \$5 billion increase in FX deposits in Dollar terms compared to the same week of the previous month was noteworthy. There was a significant increase in FX deposits in Dollar terms recently but the increase in FX deposits in TRY terms was limited due to the appreciation of TRY. Indeed, the share of FX deposits in total deposits declined from 38.8% in 2006 to 37.4% as of July 20, 2007.



The increase in consumer loans accelerated in the second quarter.

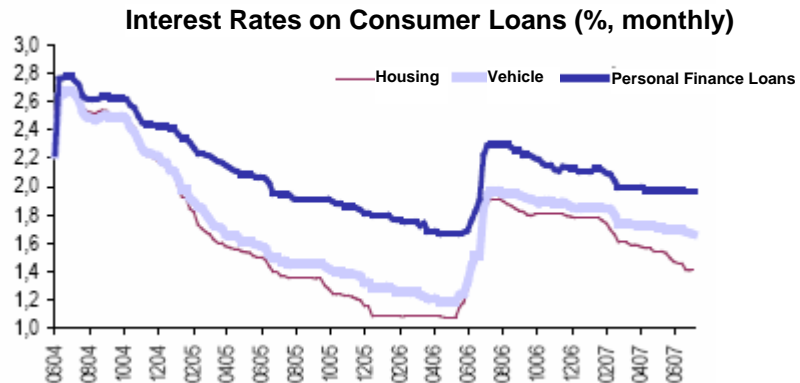
As of July 20, 2007, the banking sector credit volume increased by 2.1% compared to the same week of the previous month and by 10.9% compared to the end of 2006. In this period, the increase in loans was significantly below that of the same period of 2006. However, the increase in consumer loans accelerated in the second quarter compared to the previous one. Housing loans and personal finance loans supported the increase in consumer loans.

Increase compared to the year end (%)	Total Loans		Consumer Loans		Individual Credit Cards	
	2006	2007	2006	2007	2006	2007
January	0.8	0.5	3.2	1.1	0.1	-1.4
February	2.6	0.3	10.0	2.4	1.2	-0.2
March	10.2	5.0	18.3	5.4	2.8	1.2
April	13.1	4.8	27.9	8.8	4.3	4.0
May	24.7	6.3	39.5	11.9	7.0	5.2
June	31.0	10.4	46.1	17.1	13.7	11.0
July*	30.0	10.9	46.9	19.3	13.5	10.2

(* As of third week of July)

Interest rates of loans are decreasing.

The interest rates on the personal finance loans remained flat while interest rates on housing and vehicle loans continued to fall. In the coming period, long-term rates might follow a decreasing trend thanks to the lessening political uncertainties and high degree of competition among banks.



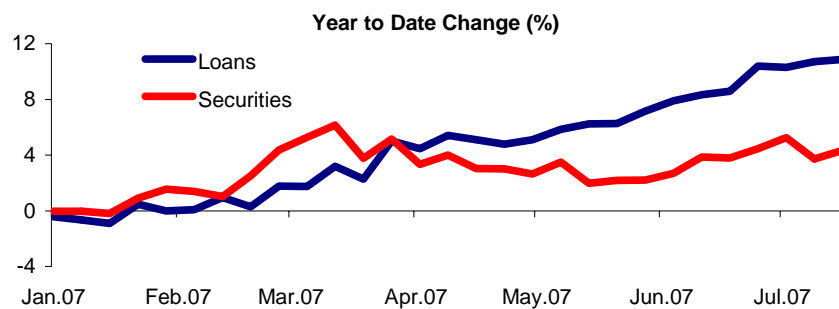
Source: CBRT – Inflation Report 2007-III

A moderate increase in loans is expected in the second half.

CBRT stated that in order to reach the medium-term inflation target of 4%, the domestic demand needed to stay under control for a while. CBRT also anticipated that domestic demand conditions may turn less supportive for disinflation provided that the long-term interest rates would continue to decline in the second half of the year. According to CBRT, such a situation may lead to a more cautious policy stance than implied by the baseline scenario, as well as the use of policy tools other than short term interest rates, such as required reserves and alike.

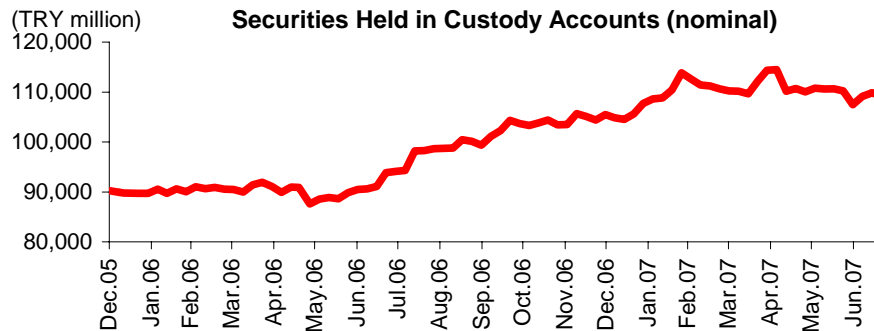
Securities portfolio of the banking sector rose by 4.3% compared to the end of 2006.

As of July 20, 2007, securities portfolio of the banking sector amounted to TRY165.8 billion, increasing by 0.5% compared to the same week of the previous month. The 4.3% year to date increase in securities portfolio stemmed from the rise in government securities (available for sale) and Eurobonds. Comparison of the year to date changes indicates that the increase in securities was lower than that of loans.



Non-residents' interest in securities continued.

As of July 20, 2007, the securities held in custody accounts amounted to TRY109.2 billion decreasing by 0.9% compared to the same week of previous month and increasing by 3.5% compared to the end of 2006. While non-residents' interest in securities continued, the decline in residents' portfolio led the securities held in custody accounts to remain flat.



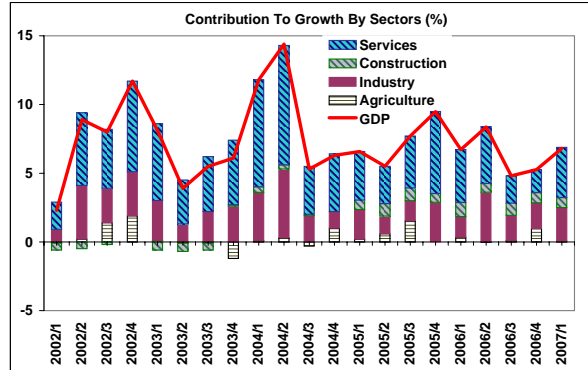
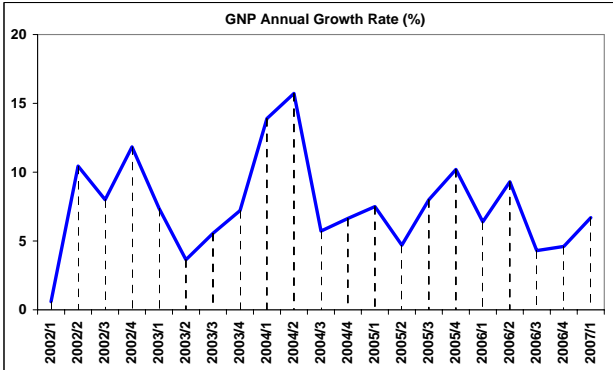
Banking sector's short position decreased to \$649 million.

The banking sector's net FX position which was around -\$1.2 billion in the first half of June, decreased to \$649 million as of July 20, 2007. In this period, while state banks and foreign banks were in long position, the short position of the private banks was realized as \$863 million. On-balance sheet FX position was -\$9.3 billion, whereas off-balance sheet FX position was \$8.6 billion.

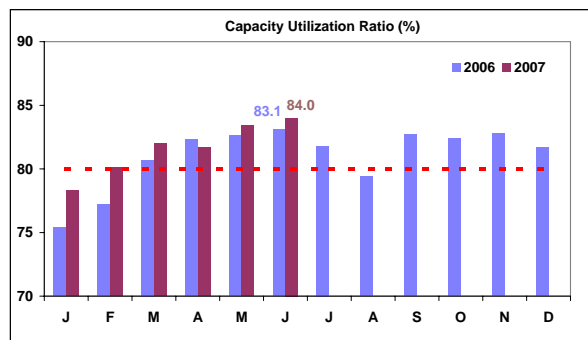
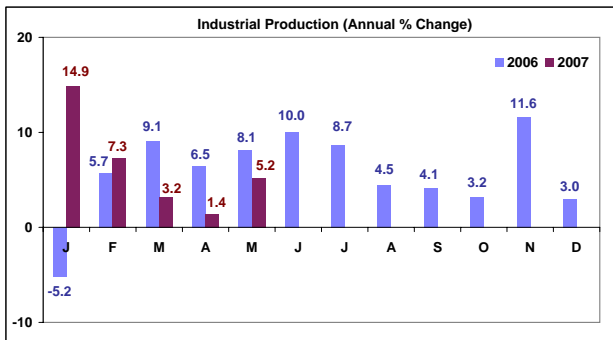
The increase in the banking sector credit volume in the first half of 2007 was significantly below the previous year's level due to the slowdown in consumption and investment expenditures. We expect the political uncertainties to diminish and the economic activity to enliven after the elections. However, the course of the credit volume depends on the banks' ability to raise long-term funds in an environment with high volatility created by the unfavorable developments in the US mortgage market.

TURKISH ECONOMY AT A GLANCE

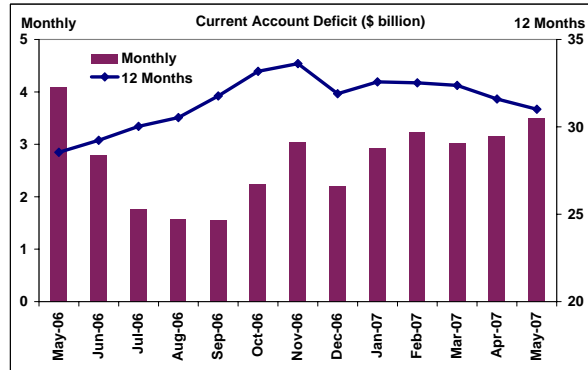
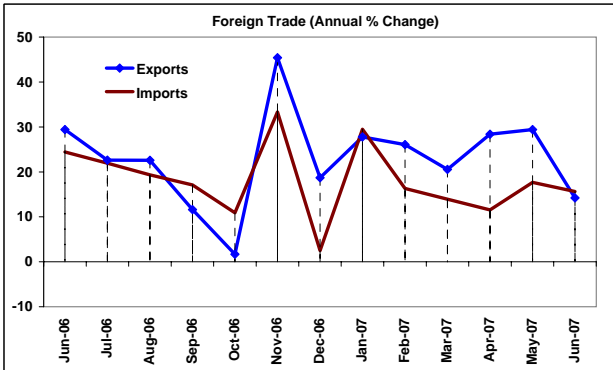
GROWTH



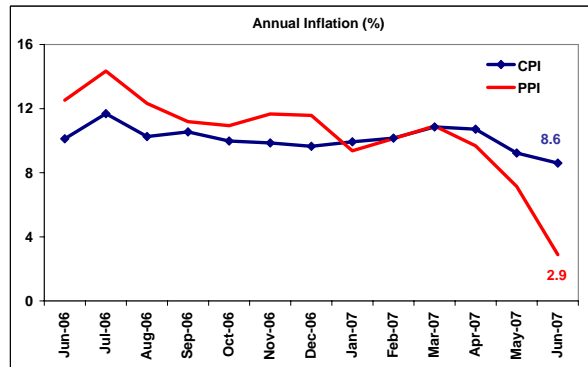
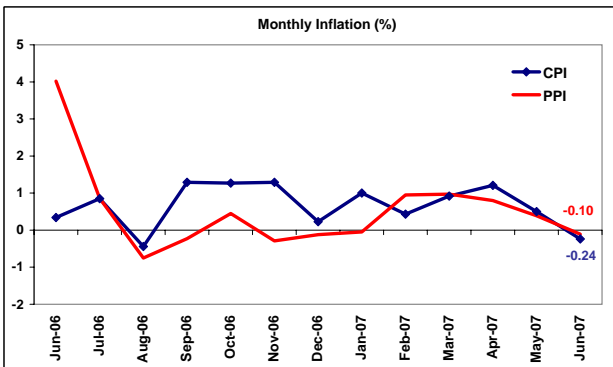
INDUSTRIAL PRODUCTION



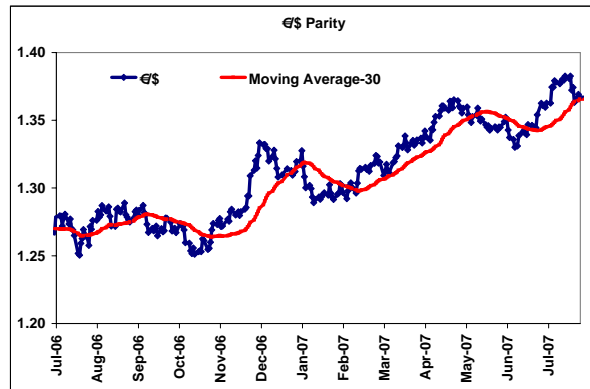
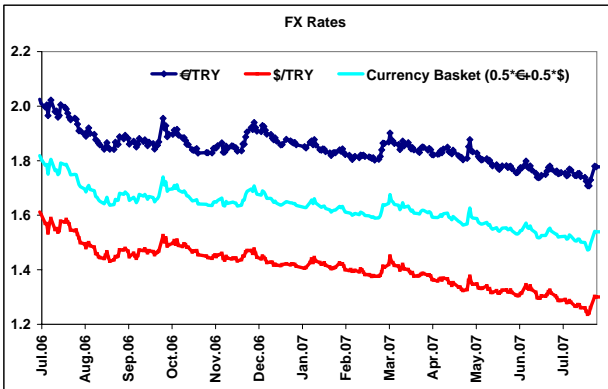
FOREIGN TRADE



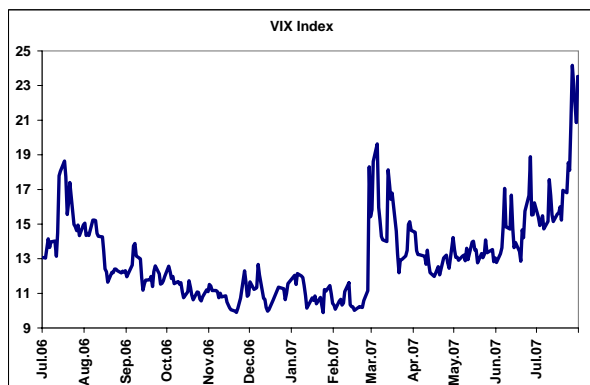
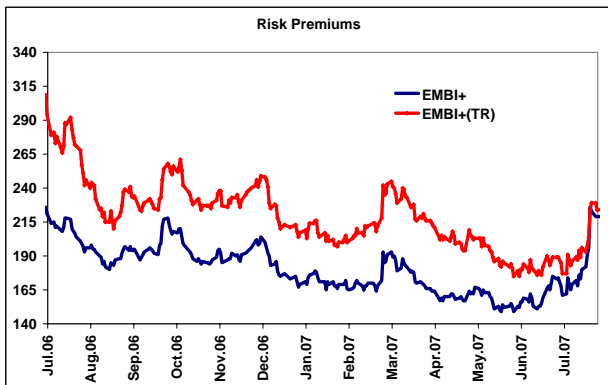
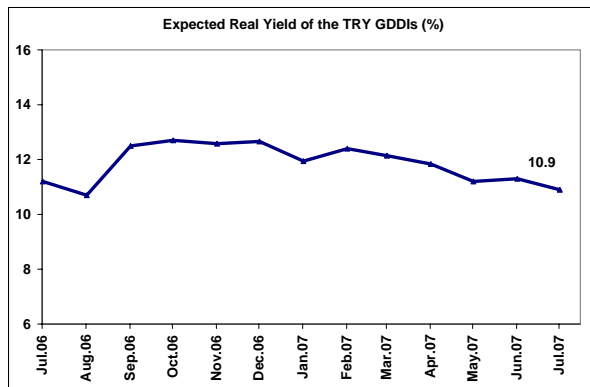
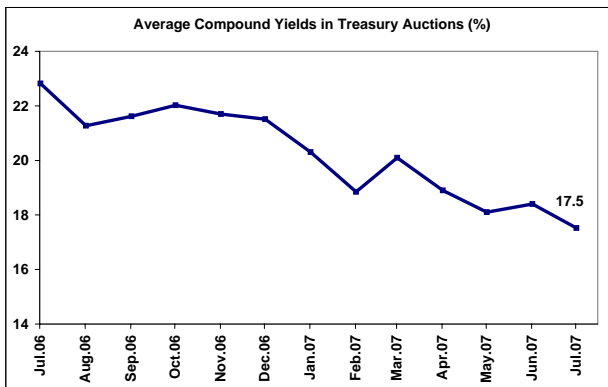
INFLATION



FX MARKETS

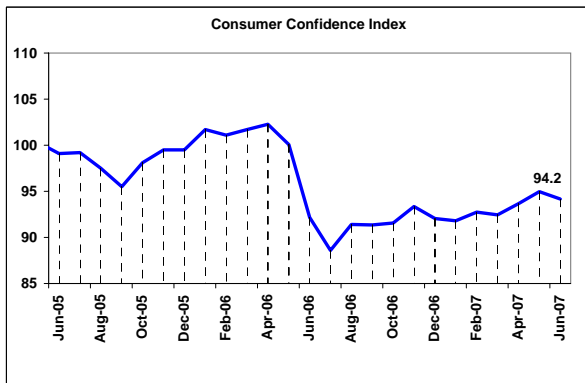
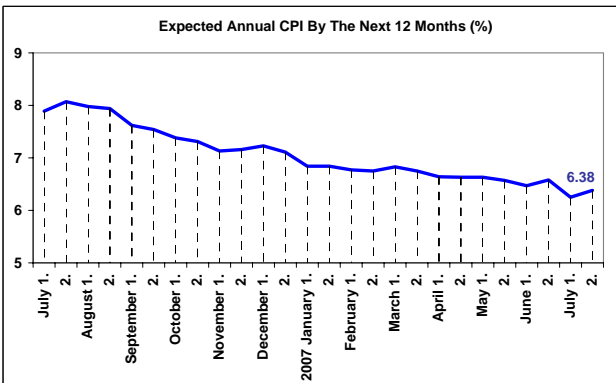
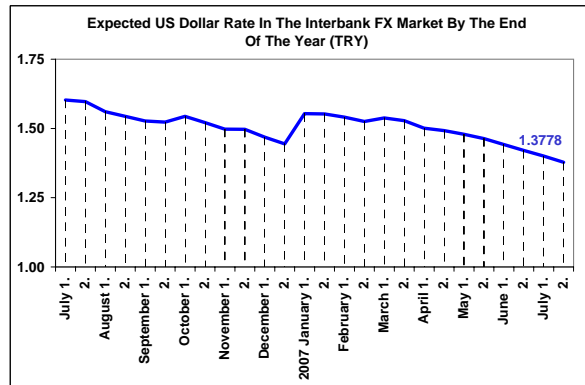
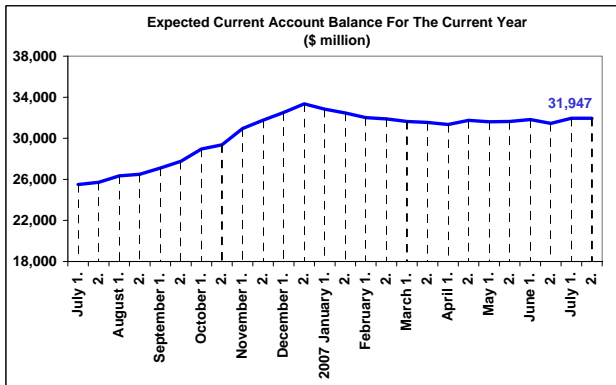
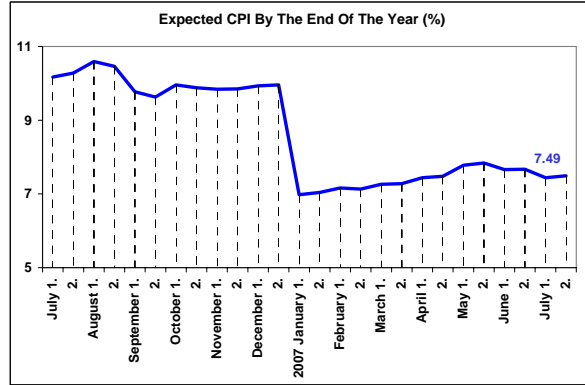
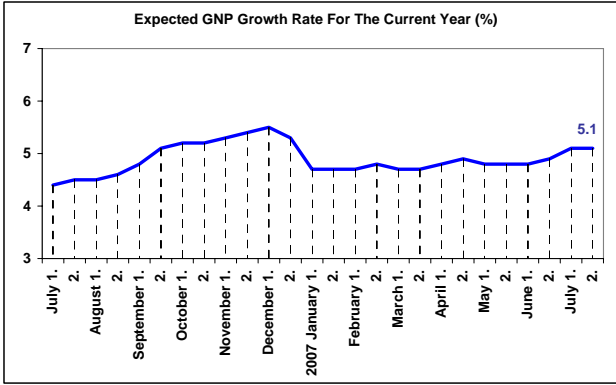


BOND-BILL MARKETS



Source: CBRT, Reuters, State Planning Organization, Istanbul Stock Exchange, JP Morgan, Chicago Board Options Exchange, Isbank Economic Research Department

SURVEY OF EXPECTATIONS AND OTHER LEADING INDICATORS



Source: CBRT

ECONOMIC INDICATORS

	2002	2003	2004	2005	2006	2007 ⁽¹⁾			
						Apr.	May	Jun.	Jul.
GROWTH									
GNP (\$ million)	180,888	239,235	299,475	360,876	399,673	91,801 ⁽²⁾			
GNP Growth Rate (%)	7.9	5.9	9.9	7.6	6.0	6.7 ⁽²⁾			
INFLATION (%)									
PPI (annual)	30.8	13.9	15.34	2.66	11.58	9.68	7.14	2.89	
CPI (annual)	29.7	18.4	9.35	7.72	9.65	10.72	9.23	8.60	
FX RATES									
CPI Based Real Effective FX Rate Index	125.4	140.6	143.2	171.4	160.1	170.4	173.5	176.0	
\$/TRY	1.6345	1.3958	1.3421	1.3430	1.4131	1.3274	1.3253	1.3147	1.3006
Euro/TRY	1.7035	1.7451	1.8268	1.5904	1.8586	1.8086	1.7801	1.7696	1.7777
Euro/\$	1.0496	1.2586	1.3558	1.1840	1.3196	1.3645	1.3451	1.3541	1.3670
BALANCE OF PAYMENTS (\$ million)									
Exports	40,124	51,206	67,047	76,949	91,912	33,193	42,909		
Imports	47,407	65,216	90,925	110,479	132,088	45,397	59,361		
Foreign Trade Balance	-7,283	-14,010	-23,878	-33,530	-40,176	-12,204	-16,452		
Current Account Balance	-1,521	-8,036	-15,601	-22,603	-31,654	-12,329	-15,833		
CREDIT UTILIZATION FROM ABROAD (\$ million)									
Banks	-1,028	1,975	5,708	9,248	5,813	1,292	3,115		
Long Term	-297	-40	2,361	6,544	9,765	2,771	3,761		
Short Term	-731	2,015	3,347	2,704	-3,952	-1,479	-646		
Other Sectors	371	1,022	5,109	10,309	19,094	7,848	12,101		
Long Term	1,099	734	4,768	9,942	18,588	7,878	11,722		
Short Term	-728	288	341	367	506	-30	379		
BUDGET (TRY million)⁽³⁾									
Expenditures	119,604	141,248	152,093	159,687	175,304	65,805	83,493	100,679	
Interest Expenditures	51,728	58,527	56,491	45,680	45,945	19,047	23,665	26,893	
Non-interest Expenditures	67,876	82,721	95,601	114,007	129,359	46,757	59,828	73,786	
Revenues	79,420	101,037	122,919	152,784	171,309	60,424	80,150	94,795	
Tax Revenues	61,713	84,832	100,342	119,627	137,554	43,800	59,224	70,588	
Other Revenues	17,707	16,205	22,577	33,157	33,756	16,624	20,926	24,207	
Budget Balance	-40,184	-40,210	-29,173	-6,903	-3,995	-5,380	-3,344	-5,885	
Primary Balance	11,543	18,317	27,318	38,777	41,951	13,667	20,321	21,009	
CENTRAL GOVERNMENT DEBT STOCK (\$ billion)									
Domestic Debt Stock	91.7	139.3	167.3	182.4	178.9	197.6	195.4	194.5	
External Debt Stock	56.8	63.4	68.5	64.7	66.6	67.6	67.2	67.3	
Total Debt Stock	148.5	202.7	235.8	247.1	245.5	265.2	262.6	261.7	

Source: Turkstat, CBRT, Treasury, Reuters

(1) Cumulative figures for foreign trade, current account and budget.

(2) 2007 1st quarter figures.

(3) Data are according to the Central Government Budget.

BANKING SECTOR

	2004	2005	2006 (I)	May.07	Jun.07	Jul. 20, 2007 (II)	Year to Date Change (%) (II/I)
DEPOSITS (excluding interbank deposits)							
Total Deposits (TRY million)	191,360	243,160	296,815	313,841	321,539	320,313	7.9
TRY	106,075	153,995	181,532	195,429	202,743	200,524	10.5
FX	85,285	89,165	115,283	118,412	118,796	119,789	3.9
FX (\$ million)	63,552	66,203	82,257	90,159	91,382	95,658	16.3
FX deposits/Total deposits (%)	44.6	36.7	38.8	37.7	36.9	37.4	-
SECURITIES HELD IN CUSTODY ACCOUNTS (TRY million) (nominal value)							
Total	87,372	90,230	105,505	110,062	107,474	109,209	3.5
Residents	70,912	64,191	65,177	63,124	61,270	60,864	-6.6
Non-Residents	16,460	26,039	40,328	46,938	46,204	48,346	19.9
SECURITIES PORTFOLIO (TRY million) (nominal value)							
Total	123,695	142,853	158,871	162,338	165,956	165,757	4.3
CREDITS (TRY million) (excluding loans to financial institutions)							
Credit Volume	97,329	147,510	207,603	220,630	229,191	230,160	10.9
TRY	62,542	105,945	153,316	164,739	170,968	172,076	12.2
FX	34,787	41,565	54,287	55,891	58,222	58,084	7.0
Retail Loans	34,930	62,348	91,584	101,551	106,046	107,150	17.0
Consumer and Installment Com. Loans	21,010	45,010	69,942	78,724	81,926	83,234	19.0
Consumer Loans	12,731	28,618	45,931	51,390	53,786	54,780	19.3
Housing	2,631	12,405	22,165	24,603	25,503	26,083	17.7
Automobile	4,194	6,146	6,405	5,882	5,868	5,825	-9.1
Consumer and Commercial Credit Cards	13,920	17,338	21,642	22,827	24,120	23,916	10.5
Retail Loans/Total Credits (%)	35.9	42.3	44.1	46.0	46.3	46.6	-
NPL RATIO (%)							
Total Loans	6.0	4.8	3.8	3.7	3.6	3.6	
Retail Loans	2.2	2.5	2.4	2.5	2.6	2.6	
Consumer and Installment Com. Loans	0.7	0.7	0.8	1.1	1.2	1.2	
Consumer Loans	0.7	0.7	0.8	1.1	1.1	1.1	
Consumer and Commercial Credit Cards	4.4	7.1	7.3	7.3	7.0	7.1	
BANKING SECTOR NET FX POSITION (\$ million)							
Total	-71	-97	184	-1.383	-654	-649	
On-Balance Sheet	-1.390	-1.880	-5.467	-7.100	-7.759	-9.279	
Off-Balance Sheet	1.318	1.784	5.651	5.717	7.105	8.630	

Source: BRSA

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