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## MONTHLY ECONOMIC REVIEW

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Economic Research Department  
January 2007

- 
- ▶ *The cautiously optimistic sentiment in the global markets was maintained in December. Especially, the strong performance of the euro area and the positive economic data weakening the arguments about the US recession led the global risk perception to remain low.*
  - ▶ *Cyprus issue would influence the whole negotiation process and hence the period ahead would be quite tough. Indeed, the Finnish plan to open a few chapters before the end of their term presidency immediately after the EU Leaders Summit was not adopted by the Greek Cypriot Administration, France and Netherlands. Therefore, the only one to be opened was the “Enterprise and Industrial Policy” chapter.*
  - ▶ *The letter of intent associated with the fifth review under the stand-by arrangement was approved by the IMF Executive Board. However, the Constitutional Court cancelled some articles of the “Social Security and General Health Insurance Law” which implies that the unification of the three existing social security institutions appears to be quite troublesome. This may lead to delays in the coming reviews.*
  - ▶ *Although the impact of high interest rates on domestic demand could be more visible in the fourth quarter, we anticipate that the growth in the last quarter would be close to the one in the third quarter thanks to the support of exports especially in November and December. Hence, we expect the growth to have realized around 5-5.5% in 2006.*
  - ▶ *Although the noteworthy slowdown in the private sector consumption expenditures together with the continuation of the loss in the momentum of investment expenditures in the third quarter implied that the widening in the current account deficit should slow down, there were still no signs of that due to the high performance of the exports in import dependent sectors.*

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## TURKISH ECONOMY

### *Cautiously optimistic sentiment in the global markets continued.*

The cautiously optimistic sentiment in the global markets was maintained in December. Especially, the strong performance of the euro area and the positive economic data weakening the arguments about the US recession led the global risk perception to remain low.

### *No surprises in the EU Leaders Summit...*

In Turkey, the discussions about the course of the EU membership process weighed on the markets in December. Although the volatility in the markets increased ahead of the decisions taken at the Foreign Ministers meeting in December 11 and approved by the EU Council in December 14-15, there were not any major negative reactions. Ahead of the meetings, markets positively reacted to Turkey's proposal for opening of some ports and airports to Greek Cypriot Administration. We think that, this proposal took attention in the global markets by stressing that Turkey was more willing to bring a solution to the Cyprus issue compared to the Greek Cypriot. On the other hand, EU's decision of freezing the negotiations in eight chapters and closing the remaining chapters on condition that the Additional Protocol was implemented, pointed out that the Cyprus issue would influence the whole negotiation process and the period ahead would be quite tough. Indeed, the Finnish plan to open a few chapters before the end of their term presidency immediately after the EU Leaders Summit was not adopted by the Greek Cypriot Administration, France and Netherlands. Therefore, the only one to be opened was the "Enterprise and Industrial Policy" chapter.

### *Continuation of the reform process is critical...*

In order to maintain the EU membership as an anchor, Turkey's reform process should continue without losing momentum despite the probable problems to be confronted in negotiations process. In this conjuncture, the continuation of the efforts to improve the macroeconomic stability and the investment environment are critical to maintain the foreign capital inflows and to achieve sustainable growth.

### *The letter of intent was approved, however...*

The letter of intent associated with the fifth review under the stand-by arrangement, the other main anchor for the Turkish economy was approved by the IMF Executive Board. In this respect, \$1.1 billion credit tranche was released. However, the Constitutional Court cancelled some articles of the "Social Security and General Health Insurance Law" which was to be implemented beginning from January 1, 2007 as stated in the letter of intent. The unification of the three existing social security institutions appears to be quite troublesome in the coming future.

### *The budget law was approved without a significant change.*

The 2007 budget was approved by the Parliament. According to the Budget Law, the expenditures and the revenues are projected to reach YTL204.9 billion and YTL188.1 billion, respectively. The budget deficit is projected to widen significantly compared to 2006 and reach YTL16.7 billion. The majority of the tax revenues are planned to be collected via indirect taxes. Considering the evident slowdown in the economy in the last quarter of 2006, which would continue in the first half of 2007 and the political uncertainties, we think that the performance of the budget should be watched closely in the coming period.

### *Slowdown in growth became evident.*

The Turkish economy grew by 3% in the third quarter of 2006, bringing the growth rate down to 5.7% in the first nine months. The economy registered positive growth rates in the last 19 quarters. However, the slowdown in the economy became evident after the CBRT tightened the monetary policy such that the third quarter growth was realized below expectations. To reach the growth target of 2006 (5%), a growth rate of 2.6% is required in the last quarter.

Growth (%)	2005					2006			
	I	II	III	IV	Annual	I	II	III	9 Months
GDP	6.6	5.5	7.7	9.5	7.4	6.5	7.8	3.4	5.6
GNP	7.5	4.7	8.0	10.2	7.6	6.4	8.8	3.0	5.7
Agriculture	4.3	8.2	7.5	-0.1	5.6	5.4	-1.6	-2.0	-1.2
Industry	6.6	3.9	5.7	10.1	6.5	4.5	10.8	6.4	7.3
Construction	20.6	25.4	25.6	14.7	21.5	27.1	14.7	20.0	20.1
Services	6.0	4.8	7.5	10.6	7.3	6.3	6.8	2.8	5.1

Source: Turkstat

**The contribution of the industrial sector exceeded that of services.**

In the third quarter of 2006, the contraction in agriculture continued while the growth in the industrial sector was maintained at a slower rate. The strong performance in the construction sector supported growth. Analysis of the growth by expenditures reveals that private investment expenditures and exports were the main drivers. In the third quarter, the contribution of the industrial sector was higher than that of services, thanks to the acceleration in exports. The contribution of the services to growth remained limited due to the slowdown in trade, transportation and communication sub-sectors.

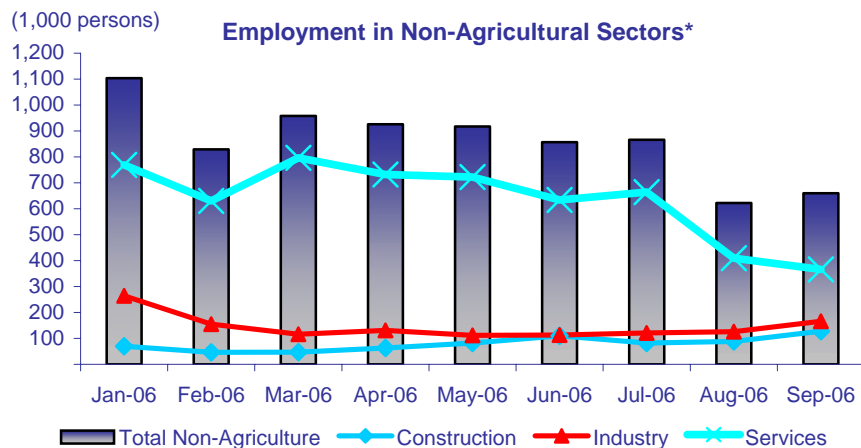
**Deceleration in domestic demand...**

Private sector consumption expenditures decelerated while public sector consumption expenditures kept their high level. The decline in food and non-alcoholic beverages together with the durable goods confirmed the slowdown in domestic demand in the third quarter. The limited deceleration in the private sector investment expenditures continued in line with the high level of the interest rates. The public sector investment expenditures, on the other hand, declined due to the saving precautions. It is worth noting that the building construction expenditures increased both in the private and public sector.

The growth data pointed out that the slowdown in domestic demand became evident due to the implementation of tight monetary policy and that the turmoil in May-June period might have led to pending up of consumption and investment. Although the impact of high interest rates on domestic demand would be more visible in the last quarter, we anticipate that the growth in the last quarter would be close to the one in the third quarter thanks to the support of exports especially in November and December. In this respect, we expect the growth to have realized around 5-5.5% in 2006.

**Non-agricultural employment increased by 660 thousand.**

According to the Household Labor Force Survey of September covering the August-October period, non-agricultural employment increased by 660 thousand persons while employment in the agricultural sector decreased by 98 thousand persons. The unemployment rate declined from 9.7% in September 2005 to 9.1% in September 2006.



Source: Turkstat

(\*) Change in employment in total non-agriculture and other sectors over previous year

The share of agriculture in total employment followed its declining trend. On the other hand, the increase in non-agricultural employment decelerated prior to the last quarter of 2006. The lower than expected third quarter growth figures mainly stemmed from the lower contribution of the services sector. Similarly, the deceleration in non-agricultural employment was driven by the services sector. On the other hand, the momentum of the rise of employment in construction and industrial sectors was maintained.

<i>Breakdown of Employment by Sectors</i> (1.000 persons)	<i>September</i>		
	<i>2005</i>	<i>2006</i>	<i>Difference</i>
<i>Agriculture</i>	6,661	6,563	-98
<i>Non-agriculture</i>	15,906	16,566	660
<i>Industry</i>	4,363	4,529	166
<i>Construction</i>	1,275	1,403	128
<i>Services</i>	10,268	10,634	366
<b><i>TOTAL</i></b>	<b>22,566</b>	<b>23,128</b>	<b>562</b>

Source: Turkstat

We think that the increase of employment in non-agricultural sectors would continue to lose pace in the last quarter of 2006 and the first half of 2007 in line with the slowdown in the economy. Taking into consideration that the slowdown in growth would become more apparent, it would not be possible to sustain a significant improvement in total employment in the near future.

***Current account deficit exceeded \$34 billion in the last twelve months.***

Despite the remarkable slowdown in the growth, the current account deficit continued its widening trend. The current account balance gave a deficit of \$2.5 billion in October in line with the market expectations. Current account deficit reached \$34.4 billion in the last twelve months. The expansion of the foreign trade deficit and contraction in services surplus led the current account deficit to widen further.

***Almost 55% of the current account deficit was financed by FDIs.***

On the financing side, the net inflow of FDIs reached \$2.8 billion in October. The crucial part of the inflows stemmed from the sale of almost 75% of Denizbank's shares to Dexia SA. In the first ten months, \$15.3 billion worth of total FDIs financed 55% of the current account deficit.

***The non-residents' purchases of GDDIs reached a record level.***

The foreign investors, who decreased their portfolios with the deterioration of the global risk perception, began repurchasing GDDIs since July. In line with the cautiously optimistic sentiment in the global markets since then, the non-residents' monthly purchases of equities and GDDIs reached the highest amount in October 2006.

(\$ million)	October	January - October		Change
	2006	2005	2006	(%)
<b>Current Account Balance</b>	<b>-2,476</b>	<b>-16,767</b>	<b>-28,021</b>	<b>67.1</b>
Foreign Trade Balance	-3,432	-26,615	-35,641	33.9
Services Balance	1,160	13,281	11,262	-15.2
Tourism Revenues (net)	1,391	14,113	12,990	-8.0
Investment Revenues Balance	-372	-4,649	-5,007	7.7
Current Transfers	168	1,216	1,365	12.3
<b>Capital and Financial Accounts</b>	<b>3,289</b>	<b>14,135</b>	<b>28,753</b>	<b>103.4</b>
Foreign Direct Investments (net)	2,807	3,339	15,313	358.6
Portfolio Investments (net)	3,713	8,676	6,902	-20.4
Other Investments (net)	-4,286	13,666	10,410	-23.8
Central Bank (*)	0	-2,556	0	-
General Government (*)	-813	-4,174	-4,457	6.8
Banking Sector (*)	-800	6,045	4,868	-19.5
Other Sectors (*)	677	6,523	15,176	132.7
Reserve Assets (net)	1,055	-11,546	-3,872	-66.5
<b>Net Errors and Omissions</b>	<b>-813</b>	<b>2,632</b>	<b>-732</b>	<b>-</b>

Source: CBRT

(\*) Gross figures, including only liabilities.

Although the noteworthy slowdown in the private sector consumption expenditures together with the continuation of the loss in the momentum of investment expenditures in the third quarter implied that the widening in the current account deficit should slow down, there were still no signs of that due to the high performance of the exports in import dependent sectors. Given the tension in the relationships with the EU and the upcoming elections in the near future, a deterioration of the global risk perception may lead to difficulties in the financing of the current account deficit.

**In the first 11 months, the budget posted a surplus.**

In November, the budget yielded a surplus of TRY3.9 billion. The excess in November led the budget to give a surplus of TRY64 million in the first eleven months of 2006. The high amount of corporate tax payments and the TRY2.1 billion income from Telekom equity sales were effective in the budget performance in November. The primary surplus reached TRY7.1 billion on a monthly basis and TRY44.1 billion in the January-November period.

Although the budget is expected to have outperformed the year-end targets, the high rate of the increase in the health expenses and agricultural subsidy payments were noteworthy. On the income side, the non-tax revenues increased considerably more than the tax revenues. Since non-tax revenues mostly consisted of one-off incomes, the continuation of the improvement in the budget performance is not guaranteed.

In the absence of any doubts about reaching the 2006 budget targets, taking into account the forthcoming elections agenda, it is anticipated that the fiscal discipline might get fragile. In fact, the budget deficit to GNP ratio is officially estimated to increase considerably in 2007. **Hence, the fiscal policy might not be encouraging enough to control the current account deficit and to reach the inflation target.**

(TRY million)	November	January- November	Budget Target	Realization/ Target
	2006	2006	2006	(%)
<b>Expenditures</b>	<b>13,365</b>	<b>157,701</b>	<b>174,322</b>	<b>90.5</b>
Interest Expenditures	3,267	44,068	46,260	95.3
Non-interest Expenditures	10,097	113,633	128,062	88.7
<b>Revenues</b>	<b>17,215</b>	<b>157,764</b>	<b>160,326</b>	<b>98.4</b>
Tax Revenues	13,422	125,952	132,199	95.3
Non-tax Revenues	1,276	24,447	21,372	114.4
<b>Budget Balance</b>	<b>3,850</b>	<b>64</b>	<b>-13,996</b>	<b>-0.5</b>
<b>Primary Balance</b>	<b>7,118</b>	<b>44,131</b>	<b>32,264</b>	<b>136.8</b>

Source: Ministry of Finance

*In November, CPI was in line with the expectations.*

On the other hand, the expectations that the year-end inflation would be realized as a single digit figure increased. **In November, CPI increased by 1.29% while PPI decreased by 0.29%.** The seasonal factors continued to be in effect in November. In fact, the highest monthly price increases belonged to clothing, food and housing sectors. On the other hand, considering the high annual price increases, the rigidity in the housing and restaurant sub-sectors continued to put a pressure on inflation.

*In December, we expect 0.35% CPI and 0.40% PPI.*

In December, we foresee that the rate of increase in CPI would lose momentum parallel to the expected price decreases in food and clothing sectors and the easing of the price rigidity in the housing sector. On the other hand, the possible price increases in the agricultural sector due to seasonal factors, the exchange rate volatility and the price increases in energy sector would be effective on PPI. **In this respect, we expect that in December CPI and PPI would be realized as 0.35% and 0.40% respectively.**

*CBRT would continue its tight monetary policy...*

Parallel to our expectations for December, we think that the year-end inflation would reach 9.8% in CPI. We believe that the medium term inflation expectations would be affected positively if the single digit inflation was reached at the end of the year. However, due to the uncertainties regarding the course of the EU accession negotiations and the forthcoming elections agenda, the course of the oil and commodity prices, the concerns over the fiscal discipline and the inflation expectations remaining over the targets, we think that CBRT would continue its cautious monetary stance in the medium term. In fact, as mentioned in the CBRT's report of Monetary and Exchange Rate Policy for 2007, the targets should be left in tact as long as inflation is expected to converge to targets within a reasonable period of time.

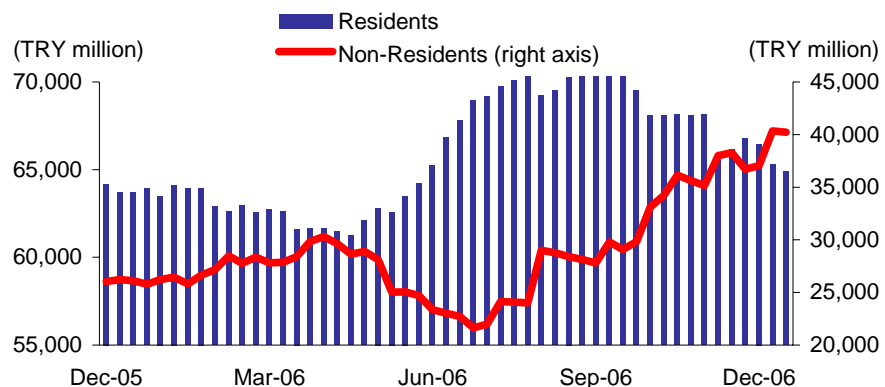
## BANKING SECTOR

*The share of FX deposits in total deposits continues to increase.*

As of December 15, 2006, the banking sector deposit volume amounted to TRY293.7 billion increasing by 20.8% compared to the end of 2005 and by 0.6% compared to the same week of the previous month. The increase compared to the same week of the previous month was attributable to the rise in FX deposits. In fact, the share of the FX deposits in total deposits increased by 2 percentage points with respect to end-2005 and reached 38.6%.

*The non-residents' demand for GDDIs persists.*

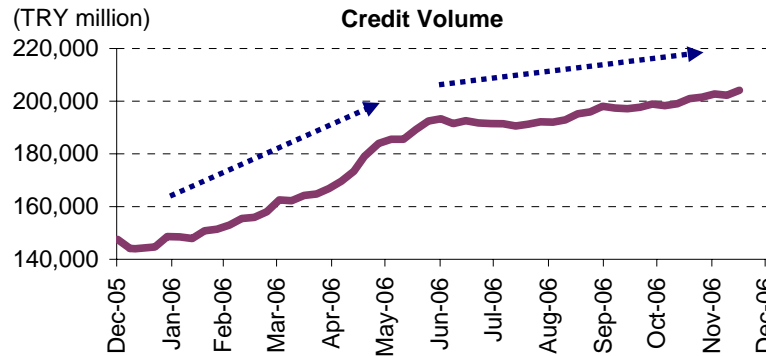
Analyzing the securities portfolio of non-banks in nominal terms, it is observed that the declining trend of the residents' portfolio continued. In fact, the volume of non-residents' GDDIs purchases lost momentum during December 8-15, while the increasing trend continues compared to the same period of November.



*Limited growth in credit volume...*

As of December 15, 2006, the banking sector credit volume increased by 38.4% compared to the end of 2005. The credit volume increased by 1.6% compared to the same week of the previous month due to the increase in the large scale

commercial loans in addition to the consumer loans. Despite a loss of momentum, the rise in consumer loans continued, due to increase in the housing and personal finance loans. On the other hand, the declining trend in the vehicle loans persists since July.



**The securities portfolio of banks displays a declining trend.**

The securities portfolio of the banking sector, which followed an upward trend in the first half of the year, started to display a declining trend since then. As of December 15, 2006, securities portfolio of the banking sector increased by 8.8% compared to the end of 2005 while decreased by 0.4% compared to the same week of the previous month.

**Banking sector is in long position.**

As of December 15, 2006, the banking sector's long position was realized as \$268 million. On the other hand, on-balance sheet FX position remained at high level around \$7 billion.

**The ratio of assets of the financial sector to GDP reached 97.8%**

According to the Financial Markets Report of the Banking Regulation and Supervision Agency, although the adverse effects of the May-June turmoil were in effect for a while, the growth continued in the financial sector and as of September 2006, total assets reached TRY537 billion, increasing by 14.2% compared to the end of 2005. Also, according to BRSA, as of September 2006, the ratio of the financial sector's total assets to GDP reached 97.8%, and that of the banking sector was 88.2%. It is also emphasized in the report that, in addition to the foreign banks' increasing interest, the indicators such as the number of branches per person and the ratio of banking sector's total assets to GDP, which lagged far behind the developed countries, implied that the banking sector had a very high growth potential in the future.

**BRSA's Performance Index indicated that the outlook was positive...**

According to the BRSA's Performance Index, which was conducted to form an indicator of the financial strength in the banking sector, the outlook was positive. BRSA stressed that banks' focus on efficiency and cost reduction was intensified, as a result of the increasing competition in the sector. The ratio of loans to deposits which was 36% in 2002, increased to 70% as of September 2006, indicating that the banks were doing much better in terms of financial intermediation.

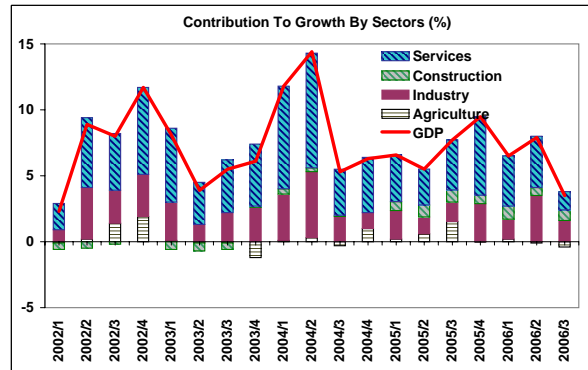
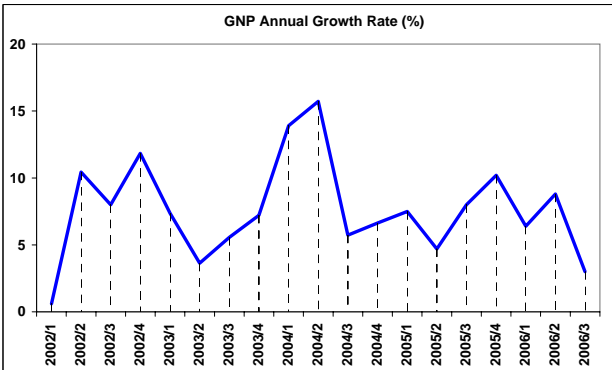
**Interest rate, liquidity, and credit risks were noteworthy...**

BRSA highlighted that the biggest risks of the banking sector were the interest rate risk, liquidity risk and the credit risk. Interest rate risk due to the possible effects of the changes in the interest rates on profitability and capital adequacy and the liquidity risk due to the maturity mismatch remained the key concerns for the banking sector. The currency risk, which was highly crucial in the previous periods, relatively lost its importance parallel to the improvement of the banks' net foreign exchange positions.

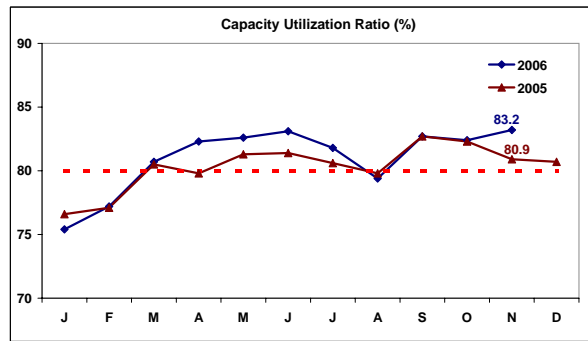
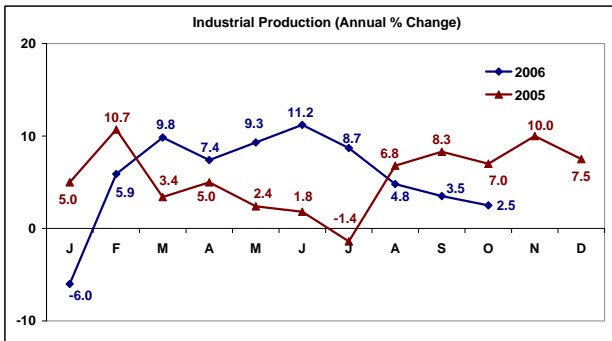
ECONOMIC INDICATORS

THE TURKISH ECONOMY AT A GLANCE

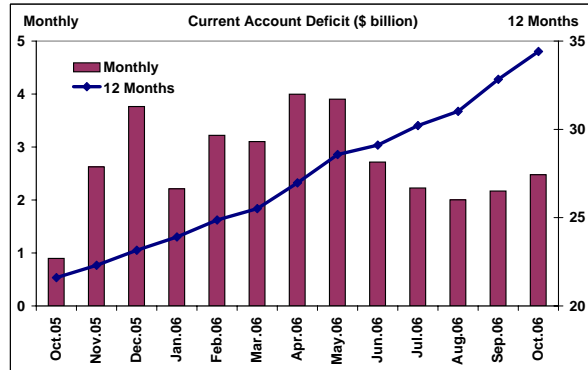
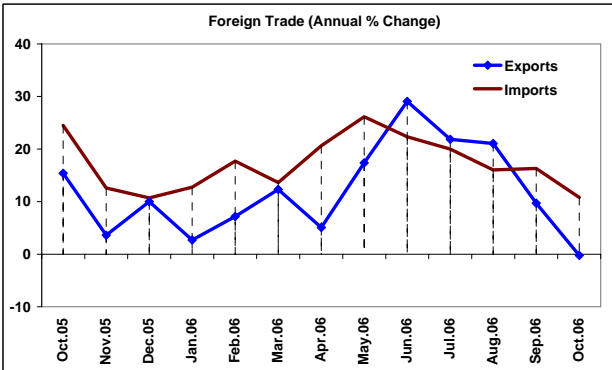
GROWTH



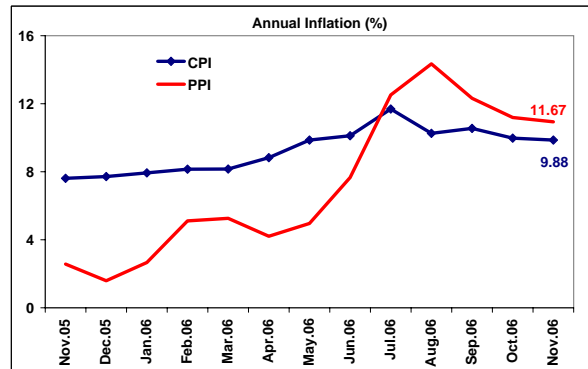
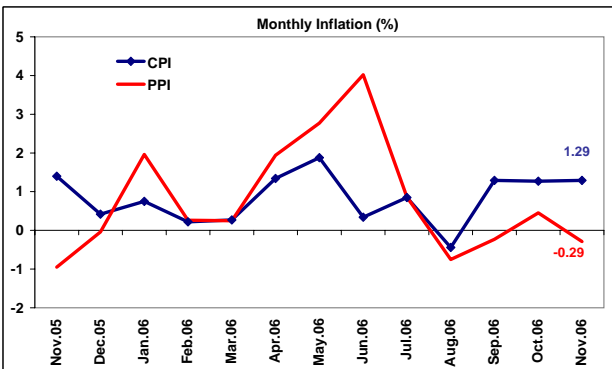
INDUSTRIAL PRODUCTION



FOREIGN TRADE

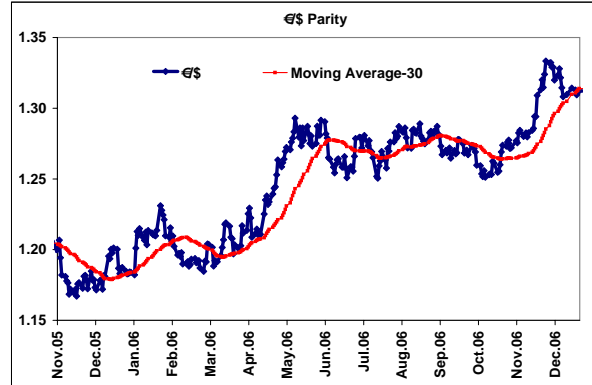
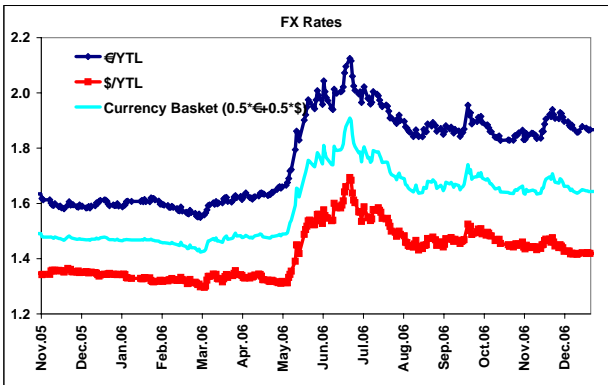


INFLATION

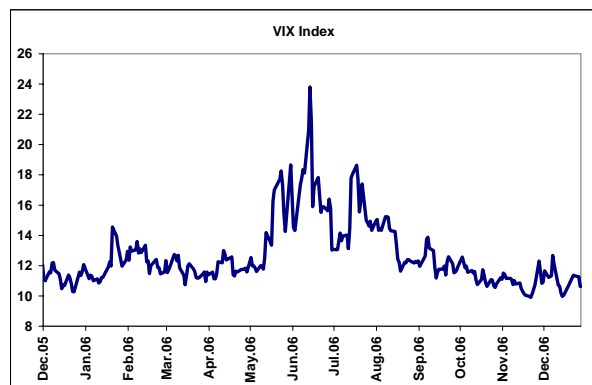
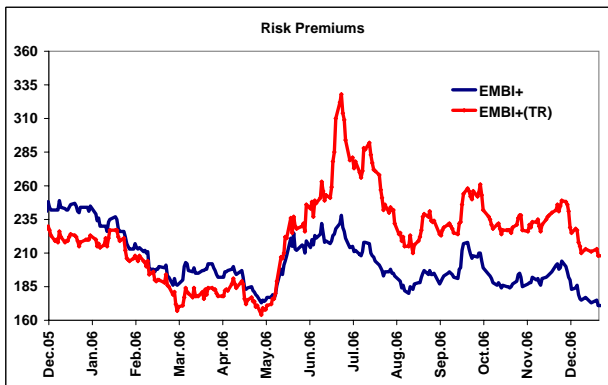
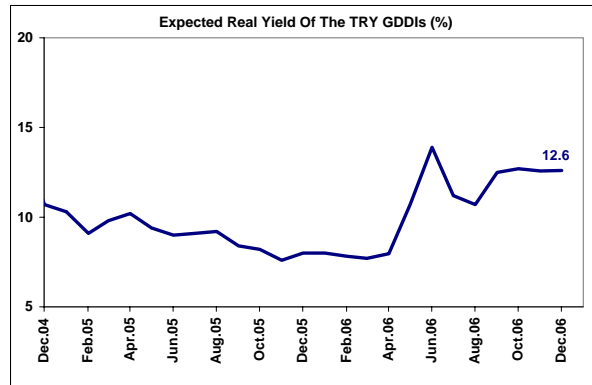
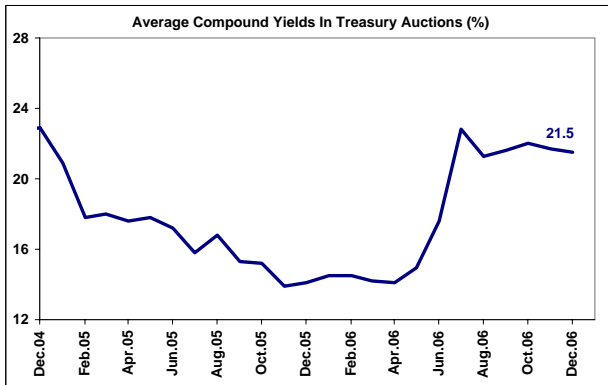


Source: CBRT, Turkstat, Is Bank Economic Research Department

## FX MARKETS

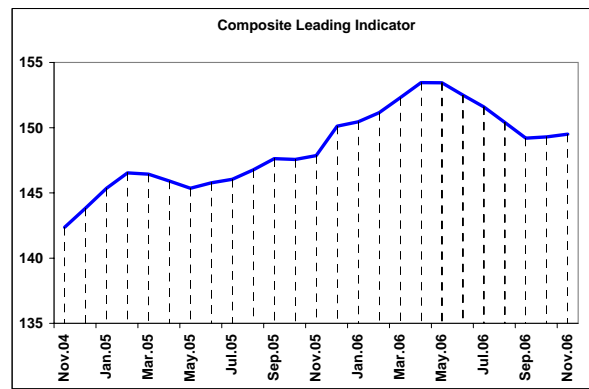
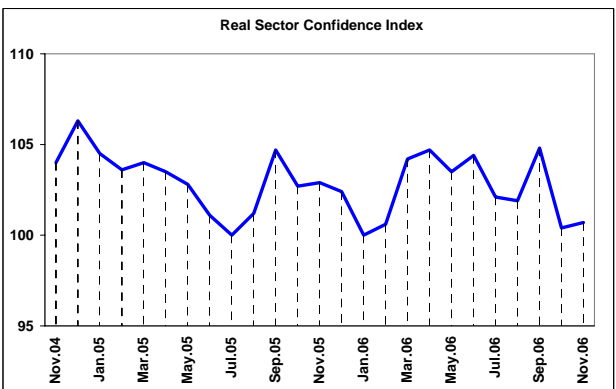
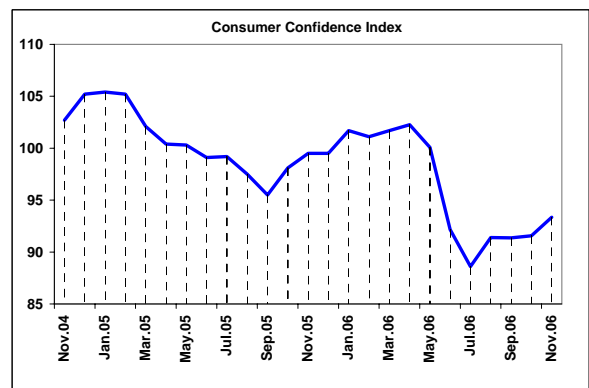
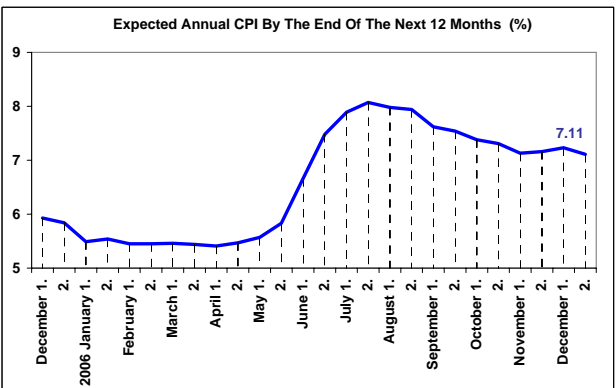
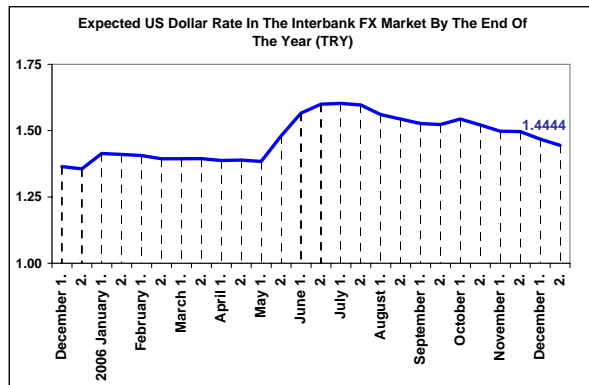
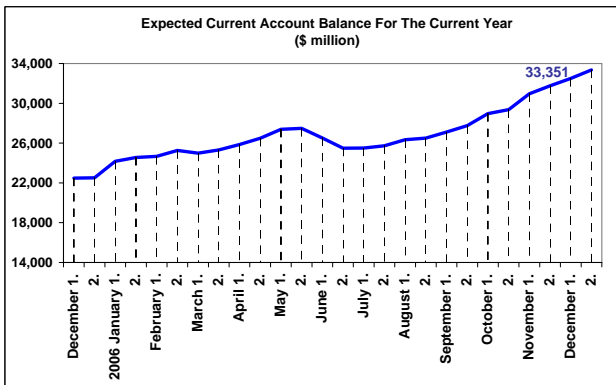
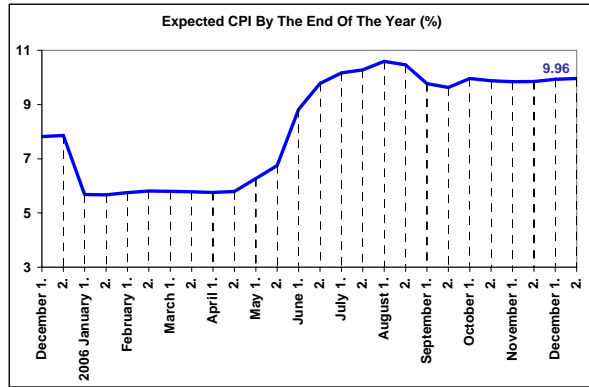
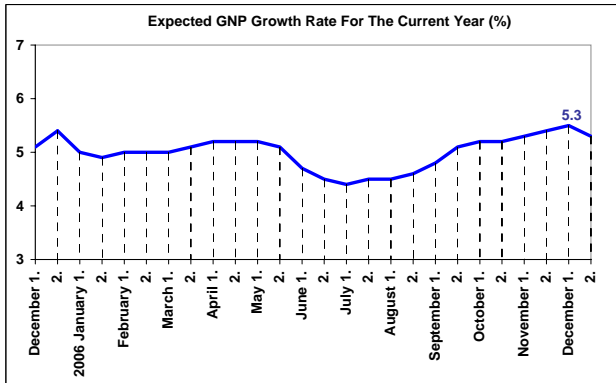


## BOND-BILL MARKETS



Source: CBRT, Reuters, State Planning Organization, Istanbul Stock Exchange, JP Morgan, Chicago Board Options Exchange, Is Bank Economic Research Department  
 Note: End of month figures

# SURVEY OF EXPECTATIONS AND OTHER LEADING INDICATORS



Source: CBRT

	2002	2003	2004	2005	2006 <sup>(1)</sup>			
					Sep.	Oct.	Nov.	Dec.
<b>GROWTH</b>								
GNP (\$ million)	180,888	239,235	299,475	360,876	80.424 <sup>(2)</sup>	91.965 <sup>(3)</sup>	117.713 <sup>(4)</sup>	
GNP Growth Rate (%)	7.9	5.9	9.9	7.6	6.4 <sup>(2)</sup>	8.8 <sup>(3)</sup>	3.0 <sup>(4)</sup>	
<b>INFLATION (%)</b>								
PPI (annual)	30.8	13.9	15.34	2.66	11.19	10.94	11.67	
CPI (annual)	29.7	18.4	9.35	7.72	10.55	9.98	9.86	
<b>FX RATES</b>								
CPI Based Real Effective FX Rate Index	125.4	140.6	143.2	171.4	155.5	158.3	161.0	
\$/TRY	1.6345	1.3958	1.3421	1.3430	1.4919	1.4501	1.4600	1.4192
Euro/TRY	1.7035	1.7451	1.8268	1.5904	1.8971	1.8450	1.9211	1.8668
Euro/\$	1.0496	1.2586	1.3558	1.1840	1.2671	1.2761	1.3240	1.3118 <sup>(6)</sup>
<b>BALANCE OF PAYMENTS (\$ million)</b>								
Exports	36,059	47,253	63,167	73,476	61,062	67,819		
Imports	51,554	69,340	97,540	116,774	101,141	112,321		
Foreign Trade Balance	-15,495	-22,087	-34,373	-43,298	-40,078	-44,502		
Current Account Balance	-1,524	-8,035	-15,604	-23,157	-25,545	-28,021		
<b>CREDIT UTILIZATION FROM ABROAD (\$ million)</b>								
<b>Banks</b>	<b>-1,028</b>	<b>1,975</b>	<b>5,708</b>	<b>9,248</b>	<b>5,668</b>	<b>4,868</b>		
Long Term	-297	-40	2,361	6,544	5,250	5,753		
Short Term	-731	2,015	3,347	2,704	418	-885		
<b>Other Sectors</b>	<b>371</b>	<b>1,022</b>	<b>5,109</b>	<b>10,261</b>	<b>14,499</b>	<b>15,176</b>		
Long Term	1,099	734	4,768	9,894	14,027	14,737		
Short Term	-728	288	341	367	472	439		
<b>BUDGET (TRY million) <sup>(5)</sup></b>								
<b>Expenditures</b>	<b>115,682</b>	<b>140,455</b>	<b>141,021</b>	<b>144,562</b>	<b>129,423</b>	<b>144,336</b>	<b>157,701</b>	
Interest Expenditures	51,871	58,609	56,488	45,680	37,627	40,801	44,068	
Non-interest Expenditures	63,812	81,846	84,533	98,882	91,796	103,536	113,633	
<b>Revenues</b>	<b>75,592</b>	<b>100,251</b>	<b>110,721</b>	<b>134,819</b>	<b>128,039</b>	<b>140,549</b>	<b>157,764</b>	
Tax Revenues	59,631	84,316	99,077	106,932	102,006	112,529	125,952	
Non-tax Revenues	15,960	15,934	17,500	23,197	22,033	23,172	24,447	
<b>Budget Balance</b>	<b>-40,090</b>	<b>-40,204</b>	<b>-30,300</b>	<b>-9,743</b>	<b>-1,385</b>	<b>-3,787</b>	<b>64</b>	
<b>Primary Balance</b>	<b>11,781</b>	<b>18,405</b>	<b>26,188</b>	<b>35,936</b>	<b>36,242</b>	<b>37,014</b>	<b>44,131</b>	
<b>CENTRAL GOVERNMENT DEBT STOCK (\$ billion)</b>								
Domestic Debt Stock	91.7	139.3	167.3	182.4	167.6	173.1	173.2	
External Debt Stock	56.8	63.4	68.5	64.7	65.9	65.9	65.4	
<b>Total Debt stock</b>	<b>148.5</b>	<b>202.7</b>	<b>235.8</b>	<b>247.1</b>	<b>233.5</b>	<b>239.0</b>	<b>238.7</b>	

Source: Turkstat, CBRT, Treasury

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

(2) Figures for Q1 2006.

(3) Figures for Q2 2006.

(4) Figures for Q3 2006.

(5) 2006 data are according to the Central Government Budget.

(6) As of December 27, 2006.

## BANKING SECTOR

	2006							Year to Date Change (%) (II/I)
	2004	2005 (I)	Aug.	Sep.	Oct.	Nov.	Dec. 15	
<b>DEPOSITS (TRY million) (excluding interbank deposits)</b>								
<b>Total Deposits</b>	<b>191,360</b>	<b>243,160</b>	<b>278,261</b>	<b>284,266</b>	<b>286,542</b>	<b>292,483</b>	<b>293,685</b>	<b>20.8</b>
TRY	106,075	153,995	173,021	176,115	177,263	179,277	180,337	17.1
FX	85,285	89,165	105,240	108,151	109,279	113,206	113,348	27.1
FX (\$ million)	63,552	66,203	72,165	72,564	76,524	77,980	80,718	21.9
<b>FX deposits/Total deposits (%)</b>	<b>44.6</b>	<b>36.7</b>	<b>37.8</b>	<b>38.0</b>	<b>38.1</b>	<b>38.7</b>	<b>38.6</b>	<b>-</b>
<b>SECURITIES HELD IN CUSTODY ACCOUNTS (TRY million) (nominal value)</b>								
<b>Total</b>	<b>87,372</b>	<b>90,230</b>	<b>98,688</b>	<b>99,339</b>	<b>103,724</b>	<b>103,474</b>	<b>105,125</b>	<b>16.5</b>
Residents	70,912	64,191	70,286	69,505	68,109	66,761	64,901	1.1
Non-Residents	16,460	26,039	28,401	29,835	35,615	36,714	40,224	54.5
<b>SECURITIES PORTFOLIO (TRY million)</b>								
<b>Total</b>	<b>123,695</b>	<b>142,853</b>	<b>155,039</b>	<b>157,439</b>	<b>154,634</b>	<b>157,837</b>	<b>155,479</b>	<b>8.8</b>
<b>CREDITS (TRY million) (excluding loans to financial institutions)</b>								
<b>Credit Volume</b>	<b>97,329</b>	<b>147,510</b>	<b>192,192</b>	<b>198,080</b>	<b>198,927</b>	<b>201,584</b>	<b>204,156</b>	<b>38.4</b>
TRY	62,542	105,945	135,725	140,669	145,224	145,674	150,414	42.0
FX	34,787	41,565	56,467	57,410	53,703	55,910	53,742	29.3
<b>Retail Loans</b>	<b>34,930</b>	<b>62,348</b>	<b>85,083</b>	<b>86,350</b>	<b>87,517</b>	<b>88,205</b>	<b>90,021</b>	<b>44.4</b>
Consumer and Installment Com. Loans	21,010	45,010	64,915	65,702	66,478	67,451	68,635	52.5
<b>Consumer Loans</b>	<b>12,731</b>	<b>28,618</b>	<b>42,635</b>	<b>43,144</b>	<b>43,859</b>	<b>44,480</b>	<b>45,295</b>	<b>58.3</b>
Housing	2,631	12,405	20,741	21,048	21,249	21,537	21,948	76.9
Automobile	4,194	6,146	6,625	6,546	6,423	6,343	6,345	3.2
Individual and Corporate Credit Cards	13,920	17,338	20,168	20,648	21,039	20,754	21,386	23.3
<b>Retail Loans/Total Credits (%)</b>	<b>35.9</b>	<b>42.3</b>	<b>44.3</b>	<b>43.6</b>	<b>44.0</b>	<b>43.8</b>	<b>44.1</b>	<b>-</b>
<b>NPL RATIO (%)</b>								
<b>Total Loans</b>	<b>6.0</b>	<b>4.8</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	
<b>Retail Loans</b>	<b>2.2</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	
Consumer and Installment Com. Loans	0.7	0.7	0.7	0.8	0.8	0.8	0.8	
<b>Consumer Loans</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	
Individual and Corporate Credit Cards	4.4	7.1	7.6	7.4	7.2	7.4	7.3	
<b>BANKING SECTOR NET FX POSITION (\$ million)</b>								
<b>Total</b>	<b>-71</b>	<b>-97</b>	<b>144</b>	<b>97</b>	<b>483</b>	<b>-63</b>	<b>268</b>	
On-Balance Sheet	-1,390	-1,880	-6,925	-6,253	-6,139	-6,439	-6,972	
Off-Balance Sheet	1,318	1,784	7,070	6,351	6,623	6,376	7,240	

Source: BRSA

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