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## MONTHLY ECONOMIC REVIEW

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Economic Research Department  
May 2007

- ▶ *The positive market sentiment in the global markets, which was observed in late March, became more evident in April. The losses incurred during the fluctuations in the global markets at the end of February were compensated substantially in this period.*
- ▶ *The improvement in international financial markets was also reflected in the money and capital markets in Turkey. The impact of the uncertainty originating from the presidential election process remained limited in April. The first reaction of the markets to the nomination of Foreign Minister Abdullah Gül for presidency on April 24 was positive.*
- ▶ *However, the application to the Constitutional Court for the annulment of the first round of presidential election aggravated the political uncertainty. As a result, in the last day of April ISE-100 index experienced the fastest daily decrease since May-June 2006 turmoil, interest rates rose and TRY tumbled. Parallel to the political uncertainty, the foreign investors' cautious approach has the potential to increase the volatility in the markets in the coming period. That is, the sensitivity of the Turkish economy to foreign capital inflows still persists.*
- ▶ *The sales of automobiles and white goods as well as the developments in the credit market in the first four months of 2007 show that there is no significant change in consumption expenditures compared to the second half of 2006. In this context, despite the robust external demand on the back of the relatively strong economic activity within the EU which in turn reflected positively to exports and industrial production, the growth in the first quarter of 2007 is estimated to have followed its subdued trend in the last two quarters of 2006.*

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## TURKISH ECONOMY

*Positive sentiment weighed on global markets in April.*

The positive market sentiment in the global markets, which was observed in late March, became more evident in April. The losses incurred during the fluctuations in the global markets at the end of February were compensated substantially in this period. While the global risk perception tended to fall particularly in emerging markets, the stock markets climbed and local currencies appreciated. The increasing expectations that the FED would cut interest rates and hence the capital flows to emerging markets would continue at least in the short term were also influential in bullish markets.

The improvement in global financial markets was also reflected in the money and capital markets in Turkey. The ISE-100 index climbed to record high levels of the last twelve months and the \$/TRY parity declined to 1.33 for the first time since May 2006. The Dollar's weakness against major currencies and the depreciation of Yen which fed the capital inflows to Turkey via carry-trade operations also supported TRY.

*Increasing political uncertainty led to fluctuations in the markets at the end of April.*

The impact of the uncertainty originating from the presidential election process remained limited in April and this also played a significant role in the favorable outlook of the domestic markets. The first reaction of the markets to the nomination of Foreign Minister Abdullah Gül for presidency on April 24 was positive. However, the application to the Constitutional Court for the absence of "367 quorum requirement" in the first round of presidential election on April 27 and the announcement of the Turkish General Staff aggravated the political uncertainty and increased the possibility of an early general election. As a result, in the last day of April ISE-100 index experienced the fastest daily decrease since May-June 2006 turmoil, interest rates rose and TRY tumbled.

After the Constitutional Court annulled the first round of the presidential elections, a new four round election calendar and early elections appeared on the agenda. General elections will be held on July 22<sup>nd</sup>. The call for early elections eased somewhat the political tension and markets positively reacted to this decision. Nevertheless, because of the political uncertainty, the foreign investors' cautious approach has the potential to increase the volatility in the markets in the coming period. That is, the sensitivity of the Turkish economy to foreign capital inflows still persists.

*Slowdown in domestic demand persists.*

The sales of automobiles and white goods as well as the developments in the credit market in the first four months of 2007 show that there is no significant change in consumption expenditures compared to the second half of 2006. In this context, despite the robust external demand on the back of the relatively strong economic activity within the EU which in turn reflected positively to exports and industrial production, the growth in the first quarter of 2007 is estimated to have followed its subdued trend in the last two quarters of 2006.

*In February, industrial production increased by 7.1%.*

In February, the industrial production increased by 7.1%, below the expectations. The 37.7% rise in the coke and petroleum products, which has the highest share in total industrial production, supported the increase in production. In February 2006, there was a decline of 23.5% in the coke and petroleum products. Despite the weak domestic demand, strong external demand kept industrial production growing at a solid pace in other transport, machinery and equipment, rubber and plastic, basic metals and fabricated metal products. We expect industrial production to decelerate in the following period as a result of the ongoing weak domestic demand as well as the high base year effect.

**Consumption and investment expenditures which decelerated in the last two quarters of 2006 are expected to continue this trend during the first half of 2007. On the other hand, in the second half of 2007 we expect that the**

economic activity would gain momentum as a result of the decreasing political uncertainty due to the completion of general elections. Therefore, we keep our 5% growth estimate for 2007.

**Unemployment rate declined in January.**

According to the Household Labor Survey for January 2007, which covers the data from December 2006 to February 2007, the unemployment rate decreased to 11% in January from 11.8% in the same period of the last year. In this period, the number of employed persons increased by 915 thousand persons compared to the same period of the previous year and reached 21 million 749 thousand persons. During this period, the number of unemployed persons decreased to 2 million 675 thousand persons.

<b>Breakdown of Employment by Sectors</b>					
(1.000 persons)	January 2006	Share(%)	January 2007	Share (%)	Difference
<b>Agriculture</b>	5,204	25.0	5,550	25.5	346
<b>Non-agriculture</b>	15,630	75.0	16,199	74.5	569
<b>Industry</b>	4,313	20.7	4,419	20.3	106
<b>Construction</b>	977	4.7	1,097	5.0	120
<b>Services</b>	10,341	49.6	10,685	49.1	344
<b>TOTAL</b>	<b>20,834</b>	<b>100.0</b>	<b>21,749</b>	<b>100.0</b>	<b>915</b>

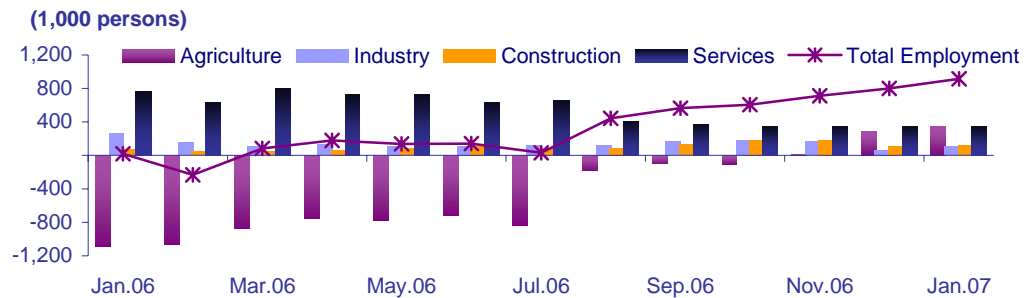
Source: Turkstat

Note: Total figures may not be exact due to the rounding of the numbers.

**Employment in agricultural sector displays a rising trend.**

In January, non-agricultural employment increased by 569 thousand persons especially due to the rise in employment in the services sector. However, it is worth noting that the increase in the number of persons employed in the services sector has been limited since August 2006. On the other hand, employment in the agriculture sector, which declined noticeably in the previous periods, has begun to rise in the last three months and increased by 346 thousand persons in January.

**Change in Employment By Economic Activity\***



Source: Turkstat

(\*) The graph displays the differences in the number of persons employed from the same period of the previous year.

**The widening in foreign trade deficit continued to slow down.**

After February, March trade deficit also continued to narrow. In March, the foreign trade deficit contracted by 2.8% compared to the same month of the previous year and was realized as \$4.1 billion. In the first quarter, the increase in the foreign trade deficit was limited at 6.4%.

(\$ million)	March		Change (%)	January-March		Change (%)
	2006	2007		2006	2007	
<b>Exports</b>	7,409	8,890	20.0	18,597	23,101	24.2
<b>Imports</b>	11,602	12,967	11.8	29,543	34,752	17.6
<b>Foreign Trade</b>	<b>-4,194</b>	<b>-4,076</b>	<b>-2.8</b>	<b>-10,946</b>	<b>-11,651</b>	<b>6.4</b>
<b>Coverage Ratio (%)</b>	63.9	68.6		62.9	66.5	

Source: Turkstat

**Imports of consumption goods decreased.**

While the imports of intermediate goods were strong, the decrease in imports of consumption goods limited the increase in total imports. Indeed, the imports of

consumption goods which increased by 37.7% in the first quarter of 2006 decreased by 1.4% in the first quarter of 2007 compared to the same period of the previous year.

Following the slight increase in January, automotive imports decreased significantly in February and March. Besides, the increase in crude oil and natural gas imports in the first quarter of 2007 was lower than that of the same period of 2006. This could be attributable to the oil prices which remained almost the same on average during the first quarter of this year.

The increasing textile and clothing exports, which were disappointing in 2006, supported total exports in the first quarter of 2007. Basic metal industry, machinery and equipment and automotive exports were also strong in March.

The realizations in the first quarter reinforced the expectations that the deceleration in the foreign trade deficit would continue in the coming months. We expect that the improvement in the foreign trade deficit would be maintained depending on the course of the domestic demand. However, oil prices could pose a risk on the foreign trade deficit.

According to the data released by the Turkish Exporters' Assembly, in April, the exports reached \$8.2 billion increasing by 28.1% compared to the same month of the previous year.

The current account deficit was realized as \$3.3 billion in February, higher than the market expectation of \$2.9 billion. With the revision of the January current account deficit from \$2.2 billion to \$3 billion due to the adjustments in the foreign trade figures, the cumulative deficit in the first two months reached \$6.3 billion. The 12 months cumulative current account deficit was realized as \$32.4 billion in February 2007, lower than its peak level of \$33.5 billion in November 2006.

(\$ million)	February	January-February		Change(II/I)
		2006(I)	2007(II)	(%)
<b>Current Account Balance</b>	<b>-3,256</b>	<b>-5,532</b>	<b>-6,265</b>	<b>13.3</b>
Foreign Trade Balance	-2,769	-5,378	-5,905	9.8
Services Balance	261	676	717	6.1
Tourism Revenues (net)	450	889	940	5.7
Income Balance	-843	-1,039	-1,276	22.8
Current Transfers	95	209	199	-4.8
<b>Capital and Financial Accounts</b>	<b>2,598</b>	<b>7,594</b>	<b>4,431</b>	<b>-41.7</b>
Foreign Direct Investments (net)	1,026	1,029	6,154	498.1
Portfolio Investments (net)	3,043	3,280	6,131	86.9
Other Investments (net)	93	9,244	-3,707	-
Reserve Assets (net)	-1,564	-5,959	-4,147	-30.4
<b>Net Errors and Omissions</b>	<b>658</b>	<b>-2,062</b>	<b>1,834</b>	<b>-</b>

Source: CBRT

**The current account deficit reached \$6.3 billion in the first two months.**

**Tourism revenues tend to increase...**

In the first two months of the year, current account deficit increased by 13.3% compared to the same period of the previous year. There is a significant slowdown in the widening of the deficit, taking into account that the increase in the current account deficit was 49.4% in the same period of 2006. This development can be attributed mainly to the deceleration in the foreign trade deficit. Meanwhile, the increase in the tourism revenues in the first two months of the year, which showed a weak performance in the previous year, restricted the widening in the current account deficit. On the other hand, the deterioration in the income balance due to the interest payments and profit repatriations limited the improvement in the current account deficit.

**FDI inflows are estimated to reach approximately \$12 billion in the first quarter.**

Analysis of the financing side reveals that foreign direct investment inflows in the first two months reached \$7.3 billion. \$6.9 billion of this amount is capital inflows and the rest is real estate investments. The amount of foreign direct investments was only \$0.8 billion in the same period of the previous year. With the Oger's early

payment of its \$4.3 billion balance for the Turk Telekom sale in March, the foreign direct investments are estimated to reach \$12 billion in the first quarter.

***Strong performance endured in the portfolio investments...***

The vibrant momentum in the portfolio investments also continued in February. The non-residents' net purchases of GDDIs reached \$939 million. Their purchases of equities amounted to \$470 million in February following their net sales in January. Besides, the Treasury realized a borrowing of \$2.4 billion through the Eurobond issue in the international capital markets.

***Deceleration in the credits acquired from abroad...***

The other investment account, which is composed of trade credits, loans and deposit accounts, recorded a net outflow of \$3.7 billion in the first two months. The contraction in the non-resident banks' deposits held with the Central Bank and the domestic banks in January was responsible for this development. In addition, there is a visible deceleration in the funds raised by the banks and the other sectors from abroad compared to the same period of the previous year. The banks and the other sectors, which acquired \$8.9 billion from abroad in the January-February period of 2006, raised only \$1.4 billion in the same period of 2007.

***We expect a slowdown in the widening of the current account deficit.***

**The increase in the current account deficit started to decelerate since December 2006. The cooling domestic demand, the vigorous exports and the rise in tourism revenues supported the improvement in the current account deficit. Besides, the rise in €\$ parity would contribute to the tourism revenues since the citizens from EU countries have the highest share in Turkey's foreign visitors. However, the high level of current account deficit still increases the vulnerability of the Turkish economy to the sudden changes in the global risk perception.**

***The budget gave a surplus of TRY4.8 billion in March.***

The budget deficit, which achieved half of the year-end target in the first two months, decreased to TRY3.3 billion in the first quarter thanks to the TRY4.8 billion of surplus in March. The primary surplus (Ministry of Finance definition) reached TRY12.6 billion, 35% of the year-end target.

On the other hand, the improvement in the budget figures was mainly due to the Oger's early payment of its \$4.3 billion balance for the Turk Telekom sale. Excluding this amount, the budget gives a deficit of TRY1 billion and the primary surplus declines to TRY3 billion in March.

***Increasing trend in expenditures...***

Budget expenditures increased by 25.6% in the first quarter. The interest expenditures, which were quite high in January due to the Treasury's debt redemption calendar, decreased in February and March. The interest expenditures increased by 41.5% in the first quarter. According to the Treasury's repayment projections, interest expenditures would put less pressure on the budget in the following months. On the other hand, ahead of the general elections the increase in non-interest expenditures such as the goods and services purchase, health and personnel expenditures is noteworthy.

***Slowdown in growth hampers tax revenues.***

Even with the revenue associated with the Turk Telekom's sale, the increase in total revenues was limited with 20.3%. The increase in total tax revenues in the first quarter compared to the same quarter of the previous year was only 8.6%. Considering inflation at this period, the tax revenues decreased in real terms.

The indirect taxes increased by only 6.1% due to the slowdown in domestic demand, the revoking of the tax refund implementation, and VAT refund. On the other hand, non-tax revenues increased by 72% with the payment associated with the Turk Telekom sale.

(TRY million)	March 2007	Jan.-Mar. 2006	Jan.-Mar. 2007	Annual Change (%)	Budget Target	Realization/ Target (%)
<b>Expenditures</b>	<b>15,641</b>	<b>39,375</b>	<b>49,442</b>	<b>25.6</b>	<b>204,989</b>	<b>24.1</b>
Interest Exp.	3,979	11,282	15,967	41.5	52,946	30.2
Non-interest Exp.	11,662	28,093	33,475	19.2	152,043	22.0
<b>Revenues</b>	<b>20,481</b>	<b>38,325</b>	<b>46,109</b>	<b>20.3</b>	<b>188,159</b>	<b>24.5</b>
Tax Revenues	11,330	31,256	33,947	8.6	158,267	21.4
Other Revenues	9,151	7,070	12,162	72.0	29,892	40.7
<b>Budget Balance</b>	<b>4,841</b>	<b>-1,050</b>	<b>-3,332</b>	<b>217.5</b>	<b>-16,830</b>	<b>19.8</b>
<b>Primary Balance</b>	<b>8,820</b>	<b>10,232</b>	<b>12,634</b>	<b>23.5</b>	<b>36,116</b>	<b>35.0</b>

Source: Ministry of Finance

**Additional measures are on the agenda...**

The government previously announced that it would take fiscal measures amounting to 0.6% of the GNP. After the discussions with the IMF mission, the government decided to make savings in order of 0.2% of GNP on State Economic Enterprises and Central Government expenditures to reach the fiscal targets. The social security reform, on the other hand, would only be possible after the elections.

**We expect that the 2007 central government budget targets would be reached, thanks to the fiscal measures and probable increase in tax revenues along with the enlivening economy in the second half of the year.**

**CBRT expects that the decline in inflation would be discernible starting from the second quarter.**

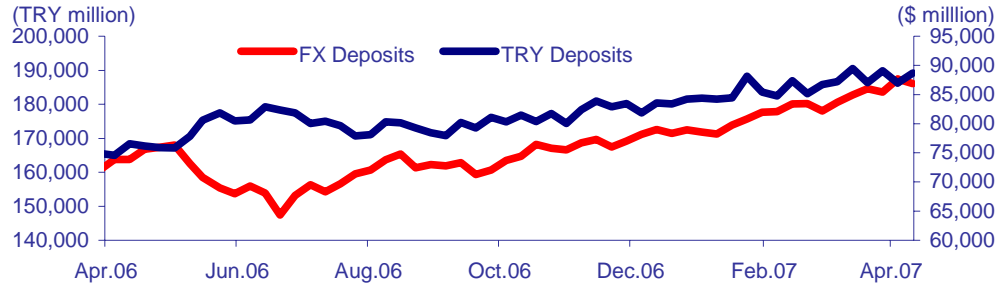
Monetary Policy Committee (MPC) of CBRT kept the interest rates unchanged at 17.5% in its meeting on April 18. In its announcement after the meeting, MPC remarked that the slowdown in domestic demand continued to support disinflation. Accordingly, the disinflation trend is expected to become discernible starting from the second quarter of 2007. However, the gap between inflation expectations and targets, the backward looking pricing behavior, increase in oil prices and the stickiness related to services prices are considered to be the main risks against the disinflation process. Besides, it is stated that the potential impacts of the progress in the structural reform agenda and the developments in incomes policy as well as public sector non-interest expenditures on inflation and inflation expectations should be carefully evaluated. On the other hand, for the first time, the MPC minutes stated that the impact of monetary tightening in the second half of 2006 on the demand has been visible.

According to the Central Bank's April Inflation Report, there is a stronger emphasis on the need to stay cautious compared to the January Inflation Report in order to ensure the consistency of the medium-term outlook with the targets. In this respect, Central Bank forecasts with 70% probability that annual inflation rate will be within 4.5 – 7.1 range (mid-point 5.8) at the end of 2007 and within 1.3 – 5.0 range (mid-point 3.2) at the end of 2008.

## BANKING SECTOR

**Total deposits reached TRY308.5 billion.**

As of April 13, 2007, the banking sector deposit volume amounted to TRY308.5 billion increasing by 3.9% compared to the end of 2006. Deposits remained almost the same compared to the same week of the previous month. The share of FX and TRY deposits in total deposits displayed no significant change compared to the end of 2006 and realized as 38.7% and 61.3% respectively, as of April 13.



**Increase in credit volume was below the previous year's level.**

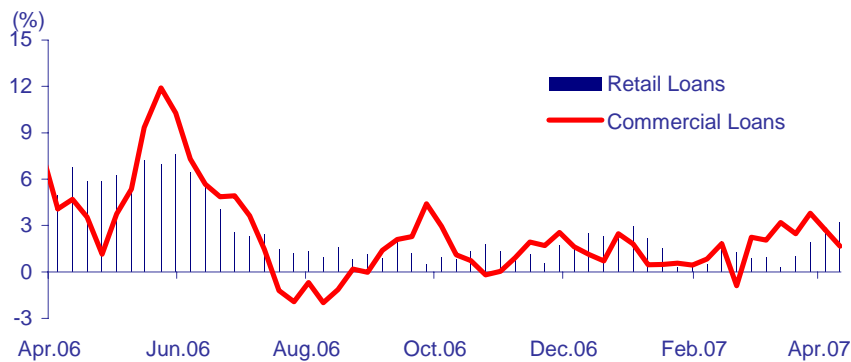
As of April 13, 2007, the banking sector credit volume increased by 2% compared to the same week of the previous month and by 5.4% compared to the end of 2006. Considering that this increase was 11.3% in 2006, the rise in credit volume was considerably below the previous year's level parallel to the slowdown in economic growth.

Change compared to year-end (%)	2006	2007
January	0.8	0.5
February	2.6	0.3
March	10.2	5.0
April	13.1	
May	24.7	
June	31.0	
July	29.8	
August	30.3	
September	34.3	
October	34.9	
November	36.7	
December	40.7	

Source: BRSA

**Increase in retail loans...**

During the same period, the rise in consumer loans remained significantly below the previous year's level. The increase in consumer loans mainly stemmed from the personal finance loans. There has been a visible enlivening in the housing loans in the last couple of weeks, whereas the vehicle loans continued to contract.



Change over the same week of the previous month.

(\*) Retail loans are composed of consumer loans and consumer credit cards. Commercial loans are composed of spot loans, installment commercial loans, commercial credit cards and other loans.

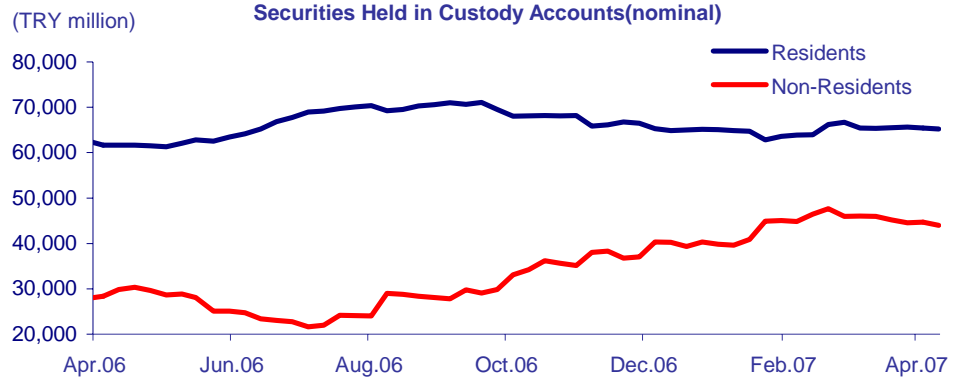
**The securities portfolio of the banking sector contracted.**

As of April 13, 2007, securities portfolio of the banking sector amounted to TRY165.2 billion, decreasing by 2% compared to the same week of the previous month.

**Decline in non-residents' interest towards GDDIs...**

As of April 13, 2007, the securities held in custody accounts of banks amounted to TRY109.3 billion decreasing by 2.8% compared to the same week of the previous

month. In this period, the non-residents' securities held in custody accounts decreased by 4.2% while the residents' portfolios did not change. **Although we are expecting that the non-residents' interest on GDDIs might persist due to the continuing high real interest rates in 2007, the political uncertainty and the sudden changes in the global risk perception may lead investors to behave cautiously.**



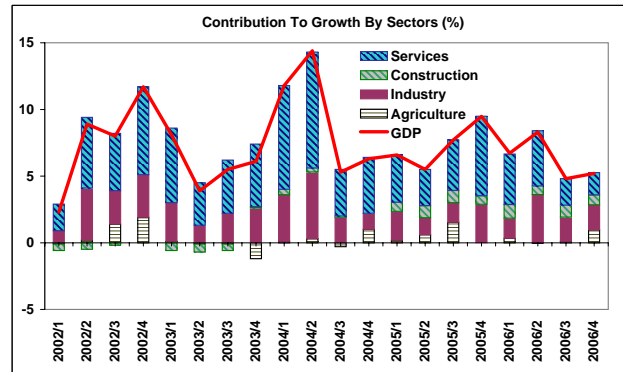
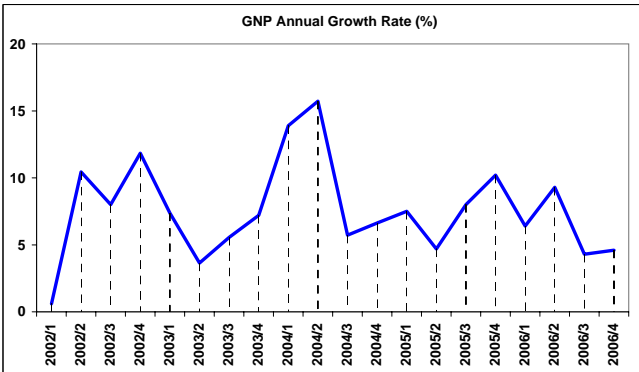
**Banking sector is in short position.**

The banking sector's net FX position was realized as \$1 billion as of April 13, 2007 due to the appreciation trend of TRY. On the other hand, on-balance sheet FX position remained at its high level around \$7.5 billion.

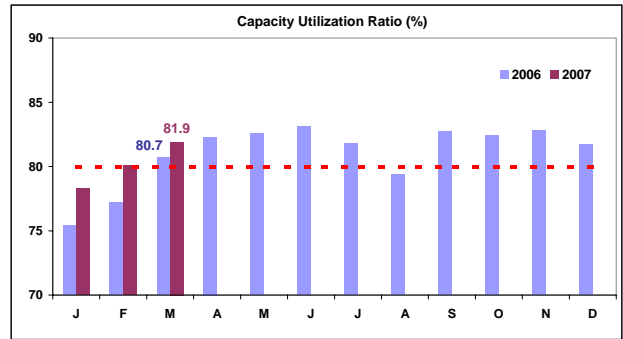
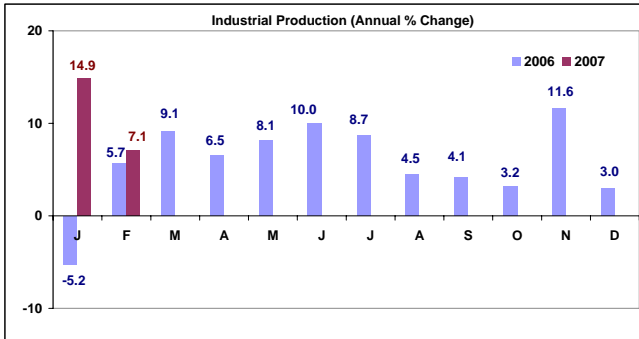
ECONOMIC INDICATORS

THE TURKISH ECONOMY AT A GLANCE

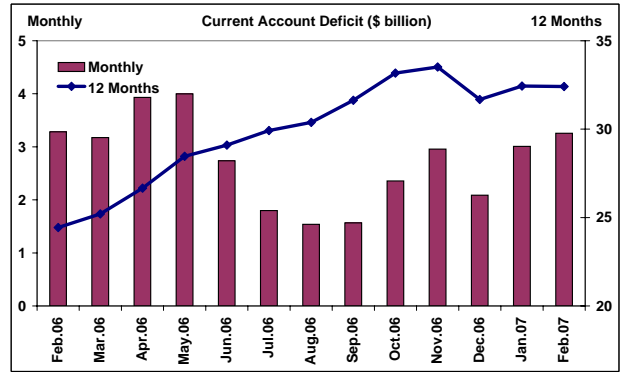
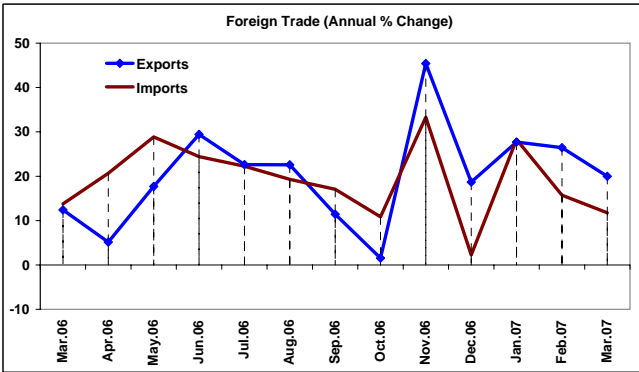
GROWTH



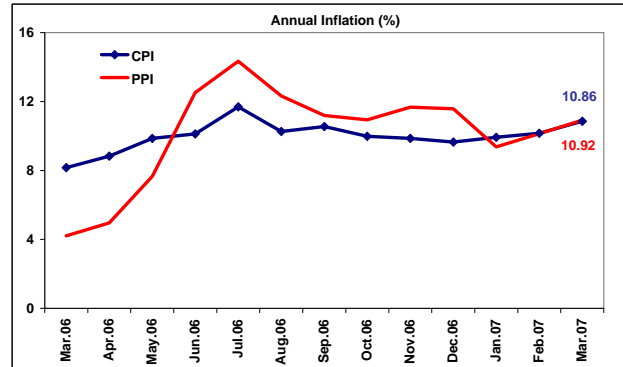
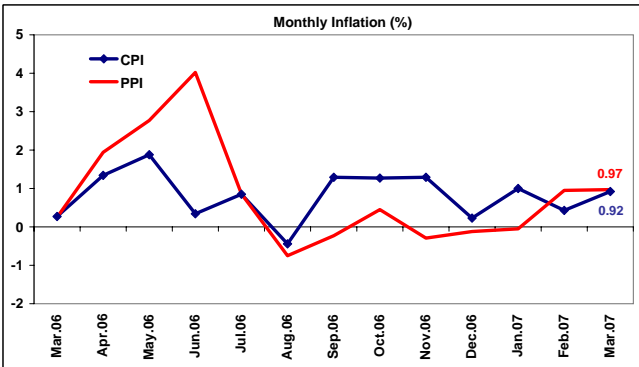
INDUSTRIAL PRODUCTION



FOREIGN TRADE

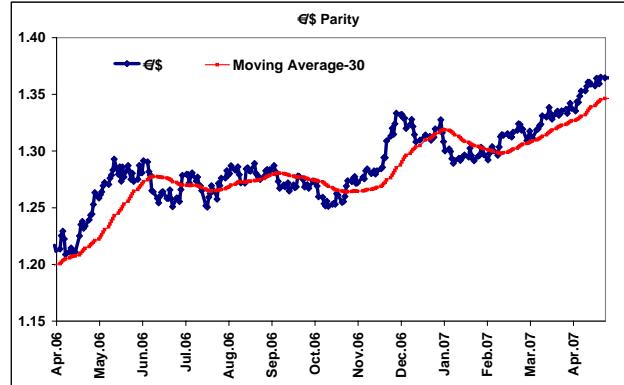


INFLATION

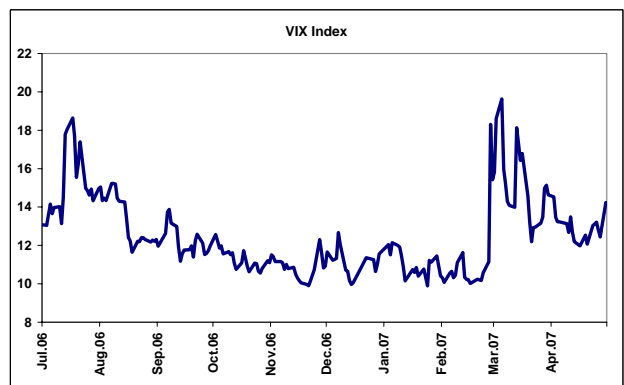
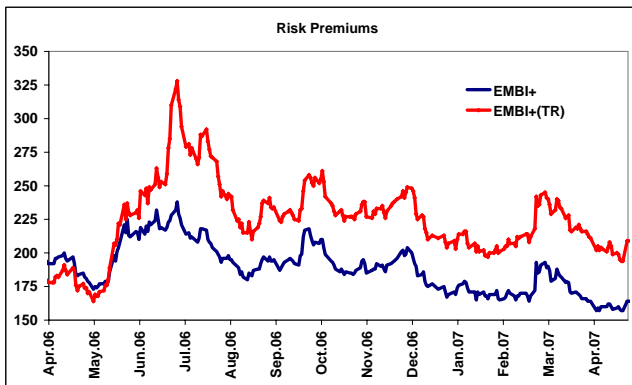
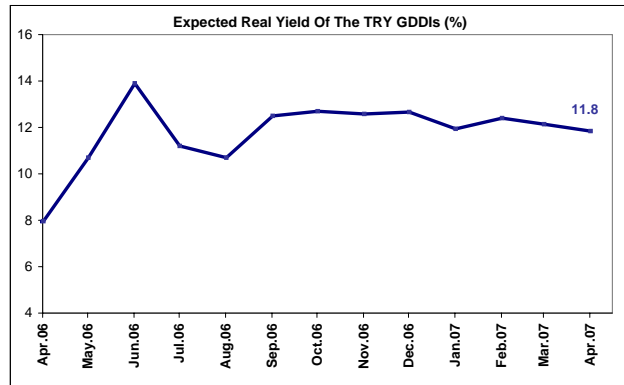
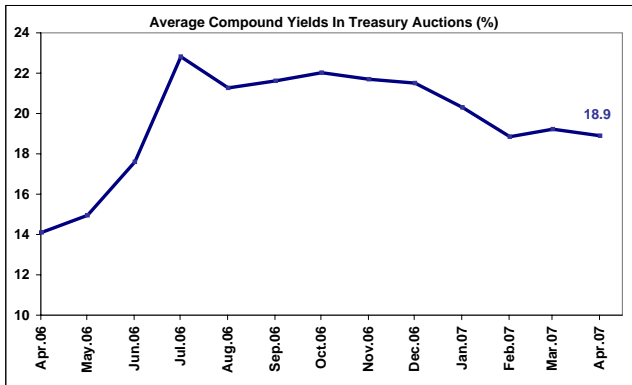


Source: CBRT, Turkstat, Isbank Economic Research Department

## FX MARKETS

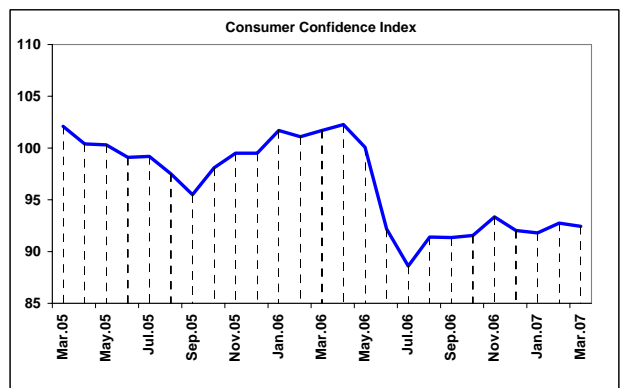
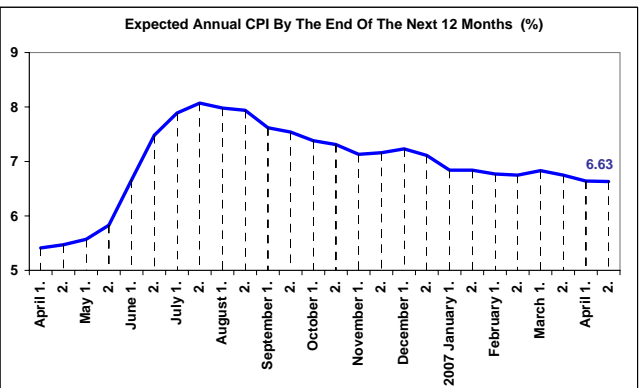
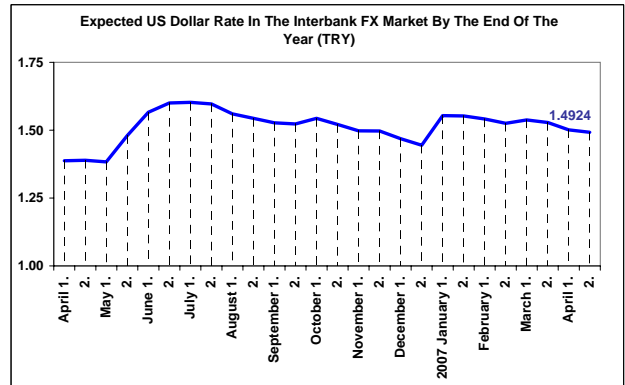
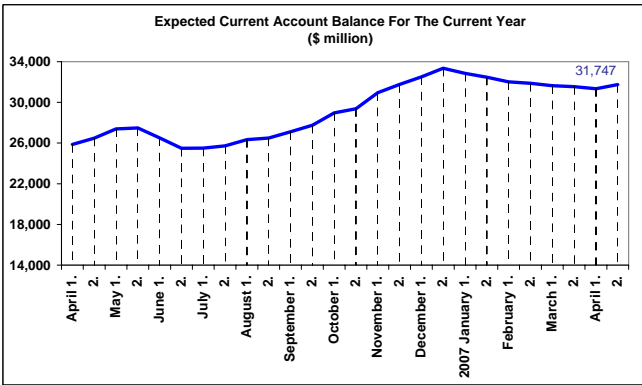
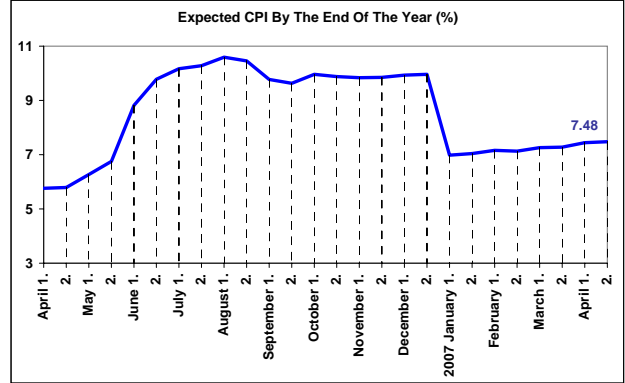
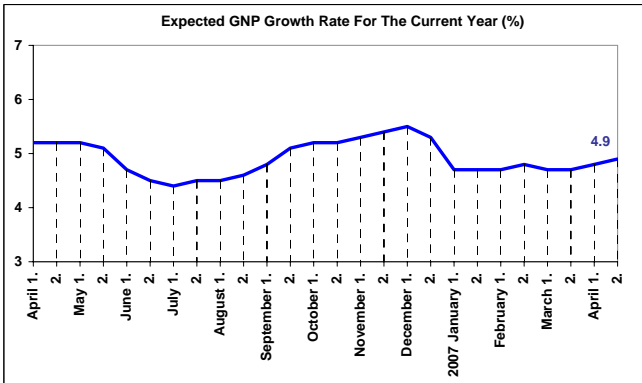


## BOND-BILL MARKETS



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

	2002	2003	2004	2005	2006	2007 <sup>(1)</sup>		
GROWTH						Feb.	Mar.	Apr.
<b>GNP (\$ million)</b>	180,888	239,235	299,475	360,876	399,673			
<b>GNP Growth Rate (%)</b>	7.9	5.9	9.9	7.6	6.0			
<b>INFLATION (%)</b>								
<b>PPI (annual)</b>	30.8	13.9	15.34	2.66	11.58	10.13	10.92	
<b>CPI (annual)</b>	29.7	18.4	9.35	7.72	9.65	10.16	10.86	
<b>FX RATES</b>								
<b>CPI Based Real Effective FX Rate Index</b>	125.4	140.6	143.2	171.4	160.1	167.9	165.8	
<b>\$/TRY</b>	1.6345	1.3958	1.3421	1.3430	1.4131	1.3922	1.3861	1.3274
<b>Euro/TRY</b>	1.7035	1.7451	1.8268	1.5904	1.8586	1.8397	1.8490	1.8086
<b>Euro/\$</b>	1.0496	1.2586	1.3558	1.1840	1.3196	1.3233	1.3355	1.3645
<b>BALANCE OF PAYMENTS (\$ million)</b>								
<b>Exports</b>	40,124	51,206	67,047	76,949	85,479	14,210	23,101	
<b>Imports</b>	47,407	65,216	90,925	110,479	138,290	21,785	34,752	
<b>Foreign Trade Balance</b>	-7,283	-14,010	-23,878	-33,530	-52,812	-7,575	-11,651	
<b>Current Account Balance</b>	-1,524	-8,036	-15,601	-22,603	-31,679	-6,265		
<b>CREDIT UTILIZATION FROM ABROAD (\$ million)</b>								
<b>Banks</b>	-1,028	1,975	5,708	9,248	5,813	600		
Long Term	-297	-40	2,361	6,544	9,765	1,353		
Short Term	-731	2,015	3,347	2,704	-3,952	-753		
<b>Other Sectors</b>	371	1,022	5,109	10,309	18,772	830		
Long Term	1,099	734	4,768	9,942	18,266	997		
Short Term	-728	288	341	367	506	-167		
<b>BUDGET (TRY million) <sup>(2)</sup></b>								
<b>Expenditures</b>	115,682	140,455	141,021	146,098	175,304	33,801	49,442	
Interest Expenditures	51,871	58,609	56,488	45,680	45,945	11,988	15,967	
Non-interest Expenditures	63,812	81,846	84,533	100,418	129,359	21,814	33,475	
<b>Revenues</b>	75,592	100,251	110,721	137,981	171,309	25,628	46,109	
Tax Revenues	59,631	84,316	90,077	106,929	137,474	22,617	33,947	
Other Revenues	15,961	15,935	20,644	31,052	33,835	3,011	12,162	
<b>Budget Balance</b>	-40,090	-40,204	-30,300	-8,117	-3,995	-8,173	-3,332	
<b>Primary Balance</b>	11,781	18,405	26,188	37,563	41,951	3,815	12,634	
<b>CENTRAL GOVERNMENT DEBT STOCK (\$ billion)</b>								
<b>Domestic Debt Stock</b>	91.7	139.3	167.3	182.4	178.9	189.0	191.1	
<b>External Debt Stock</b>	56.8	63.4	68.5	64.7	66.6	68.1	68.0	
<b>Total Debt Stock</b>	148.5	202.7	235.8	247.1	245.5	257.1	259.1	

Source: Turkstat, CBRT, Treasury

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

(2) 2006 and 2007 data are according to the Central Government Budget.

<b>BANKING SECTOR</b>							Year to Date Change (%) (II/I)
	2004	2005	2006 (I)	Feb.07	Mar.07	Apr. 13, 2007 (II)	
<b>DEPOSITS (TRY million) (excluding interbank deposits)</b>							
<b>Total Deposits</b>	<b>191,360</b>	<b>243,160</b>	<b>296,815</b>	<b>298,414</b>	<b>308,570</b>	<b>308,457</b>	<b>3.9</b>
TRY	106,075	153,995	181,532	186,066	189,865	189,209	4.2
FX	85,285	89,165	115,283	115,348	118,705	119,248	3.4
FX (\$ million)	63,552	66,203	82,257	84,427	86,159	87,970	6.9
<b>FX deposits/Total deposits (%)</b>	<b>44.6</b>	<b>36.7</b>	<b>38.8</b>	<b>38.7</b>	<b>38.5</b>	<b>38.7</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>105,505</b>	<b>113,844</b>	<b>110,198</b>	<b>109,253</b>	<b>3.6</b>
Residents	70,912	64,191	65,177	66,221	65,658	65,242	0.1
Non-Residents	16,460	26,039	40,328	47,623	44,540	44,012	9.1
<b>SECURITIES PORTFOLIO (TRY million) (nominal value)</b>							
<b>Total</b>	<b>123,695</b>	<b>142,853</b>	<b>158,871</b>	<b>162,841</b>	<b>167,050</b>	<b>165,244</b>	<b>4.0</b>
<b>CREDITS (TRY million) (excluding loans to financial institutions)</b>							
<b>Credit Volume</b>	<b>97,329</b>	<b>147,510</b>	<b>207,603</b>	<b>208,185</b>	<b>218,025</b>	<b>218,879</b>	<b>5.4</b>
TRY	62,542	105,945	153,316	154,764	160,995	162,125	5.7
FX	34,787	41,565	54,287	53,421	57,030	56,754	4.5
<b>Retail Loans</b>	<b>34,930</b>	<b>62,348</b>	<b>91,584</b>	<b>93,047</b>	<b>95,204</b>	<b>96,900</b>	<b>5.8</b>
Consumer and Installment Com. Loans	21,010	45,010	69,942	71,453	73,348	74,462	6.5
<b>Consumer Loans</b>	<b>12,731</b>	<b>28,618</b>	<b>45,931</b>	<b>47,029</b>	<b>48,563</b>	<b>49,004</b>	<b>6.7</b>
Housing	2,631	12,405	22,165	22,624	23,320	23,611	6.5
Automobile	4,194	6,146	6,405	6,108	5,980	5,963	-6.9
Consumer and Commercial Credit Cards	13,920	17,338	21,642	21,594	21,856	22,438	3.7
<b>Retail Loans/Total Credits (%)</b>	<b>35.9</b>	<b>42.3</b>	<b>44.1</b>	<b>44.7</b>	<b>43.7</b>	<b>44.3</b>	<b>-</b>
<b>NPL RATIO (%)</b>							
<b>Total Loans</b>	<b>6.0</b>	<b>4.8</b>	<b>3.8</b>	<b>3.9</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>2.5</b>	<b>2.6</b>	<b>2.6</b>	
Consumer and Installment Com. Loans	0.7	0.7	0.8	0.9	1.0	1.0	
<b>Consumer Loans</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	
Consumer and Commercial Credit Cards	4.4	7.1	7.3	7.3	7.5	7.3	
<b>BANKING SECTOR NET FX POSITION (\$ million)</b>							
<b>Total</b>	<b>-71</b>	<b>-97</b>	<b>184</b>	<b>-236</b>	<b>-912</b>	<b>-1,080</b>	
On-Balance Sheet	-1,390	-1,880	-5,467	-6,040	-7,000	-7,506	
Off-Balance Sheet	1,318	1,784	5,651	5,803	6,088	6,426	

Source: BRSA

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