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PRESS RELEASE ON THE FACILITY OF MAINTAINING RESERVE REQUIREMENTS IN FOREIGN EXCHANGE AND GOLD

In order to narrow the cost differential of maintaining Turkish lira reserve requirements in Turkish lira or in FX, and to enable banks to fully benefit from the new facility to meet their liquidity needs, the upper limit for FX reserves that might be held to maintain Turkish lira reserve requirements – after having been revised a number of times, the latest of which was on 19 July 2012 – was raised to 55 percent gradually, where different coefficients were introduced.

This time, to serve the same purposes, the upper limit for FX reserves that might be held to maintain Turkish lira reserve requirements has been raised to 60 percent, and the reserve requirement for the additional 5 percent tranche has been decided to be maintained in USD and/or euro, and multiplied by a reserve option coefficient (ROC) of "2".

Furthermore, to help enhance financial stability, the ROC for the first tranche corresponding to 40 percent of Turkish lira reserve requirements has been raised to "1.1".

At present, USD 20 billion is being held for Turkish lira reserve requirements. Should this additional facility provided be used at the same level, the expected figures for the increase in the Central Bank FX reserves and the amount of permanent liquidity to be provided to the market are approximately USD 4.3 billion and TL 2.8 billion, respectively. The new regulation will be effective as of the calculation period dated 17 August 2012 and the maintenance period will begin on 31 August 2012.

Meanwhile, with an aim to bolster the build-up of the Central Bank's gold reserves and to positively affect the cost and liquidity channels of the banking system, the upper limit for gold reserves that might be held to maintain Turkish lira reserve requirements has been raised from 25 percent to 30 percent, where this 5 percent additional tranche will be multiplied by a ROC of "2".

Currently, 163 ton gold worth of USD 8.3 billion is being held for Turkish lira reserve requirements. Should the additional facility provided be used at the same level, the expected figures for the increase in CBRT's international reserves and the amount of permanent liquidity to be provided to the market are approximately USD 3 billion and TL 2.8 billion, respectively. The new regulation will be effective as of the calculation period dated 31 August 2012 and the maintenance period will begin on 14 September 2012.