

**PRESS RELEASE ON  
THE TECHNICAL CHANGE ON INTEREST RATES**

As it is known, the Central Bank announced its liquidity management strategy for 2006 with the press release of 5 December 2005, entitled “General Framework of Inflation Targeting Regime and Monetary and Exchange Rate Policy for 2006”.

In Article 59 of the press release, it was stated that some technical interest rate changes for narrowing the potential volatility margins of the overnight interest rates were required in view of significant declines in New Turkish Lira interest rates. It was stated that the interest rate, which was set by the Central Bank in the light of current liquidity conditions for daily borrowing transactions, was a benchmark interest rate and should not be perceived as an interest rate change that was made in consideration of the inflation target. It was also announced that the margins of basic policy interest rates were narrowed. Meanwhile, in Article 61 of the same press release, it was asserted that the Central Bank might change both the liquidity management strategy and interest rate margins in cases of unpredictable changes in market conditions and in accordance with new requirements.

In this framework, with the aim of enhancing the effectiveness and flexibility of liquidity management, it was decided to make some technical changes in the borrowing-lending interest rate margins, while maintaining CBRT borrowing interest rates unchanged. Accordingly:

- a) The CBRT overnight borrowing interest rate is **17.25 percent**, while the CBRT lending interest rate is raised to **22.25 percent** from **20.25 percent**,
- b) Within the framework of the Late Liquidity Window Facility, the CBRT overnight borrowing interest rate is **13.25 percent**, while the lending interest rate is raised to **25.25 percent** from **23.25 percent**,

- c) The interest rates applicable to overnight and one-week maturity borrowing facilities provided for primary dealer banks via repo transactions within the framework of open market transactions are raised to **21.25 percent** from **19.25 percent**.