

PRESS RELEASE ON DIRECT FOREIGN EXCHANGE INTERVENTION

In the CBRT policy document, the “Monetary and Exchange Rate Policy for 2011”, issued on 21 December 2010, it was stated that “The Central Bank will continue to take the necessary measures within its means and act prudently in order to ensure the smooth functioning of the FX market and to support FX liquidity. Within this framework, in case of unhealthy price formations due to a decrease in the depth of the foreign exchange market, foreign exchange selling auctions may be resumed under the basic principles of the floating exchange rate regime.

In addition, the Central Bank will continue to closely monitor exchange rate developments as usual and will directly intervene in the market through purchase or sale, in case of any unhealthy price formations in exchange rates due to speculative behavior stemming from a decrease in market depth.

In view of the fact that financial stability is one of the prerequisites for price stability, the Central Bank has always taken the necessary measures in order to ensure the efficient functioning of Turkey’s foreign exchange market and will continue to do so.”

At the Monetary Policy Committee Meeting of 4 August 2011, the Committee agreed to closely monitor developments, and if necessary, take measures to provide foreign exchange liquidity via the appropriate methods and instruments. Accordingly, taking global developments into consideration, the Central Bank commenced supplying FX liquidity to the market via high-volume foreign exchange selling auctions as of 5 October 2011.

In this framework, the Central Bank may hold another high-volume foreign exchange selling auction tomorrow.

Furthermore, as unhealthy price formations in exchange rates are being observed due to speculative behavior stemming from a decrease in market depth, the Central Bank is directly intervening in the market through sale.