

15 August 2007

**THE CBRT PRESS RELEASE
ON
THE FOREIGN EXCHANGE BUYING AUCTIONS**

As it is well known, the CBRT holds foreign exchange buying auctions in order to build up foreign exchange reserves in conformity with the functioning and core principles of the floating exchange rate regime. In this framework, it was announced in the press release dated 24 July 2007 that unless dramatic changes occur in international liquidity conditions in the upcoming period, capital inflows to Turkey have been foreseen to remain strong along with the end of the general election and positive expectations on macroeconomic policies being in place. In the said press release, the daily auction amount of foreign exchange buying auctions and the optional selling amount have been increased to USD 40 million and USD 80 million, respectively as of 25 July 2007, with the aim of accelerating the foreign exchange reserve build-up in this period where the foreign exchange supply is likely to increase more than foreign exchange demand.

It was announced in the said press release that developments would be closely monitored in the upcoming period and in the event of unforeseen developments, the daily auction and/or optional selling amounts were likely to be changed with prior notice.

As a matter of fact, as other emerging markets, markets in Turkey have also become increasingly volatile, owing to unfavorable developments in the housing and credit markets of developed countries recently. Against this background, the maximum daily amount to be purchased in auctions has been reduced to USD 45 million, with USD 15 million of auction amount and USD 30 million of optional selling amount, as of 15 August 2007.

As emphasized in our previous press release, not only the daily auction/optional selling amounts may be changed in either direction with prior notice, but also the auctions may be suspended for a short or long period, depending on developments pertaining to foreign exchange supply in the upcoming period.