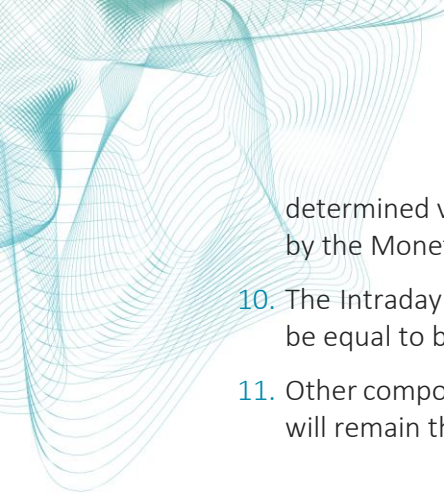


Technical Details Regarding the New Operational Framework of the Monetary Policy and the Transition Period

1. The Central Bank of the Republic of Turkey announced completion of the simplification process regarding the operational framework of the monetary policy in its press release of 28 May 2018.
2. The one-week repo rate will be the Central Bank's policy rate.
3. Central Bank overnight borrowing and lending rates will be determined at 150 basis points below/above the one-week repo rate. The Monetary Policy Committee will not make separate announcements for these rates.
4. One-week transition period has been envisaged for shifting to weekly funding. During this period, overnight lending and Late Liquidity Window (LLW) interest rates will be 16.5% until 7 June 2018 (included) to ensure materialization of the weighted average funding cost in line with the current monetary policy stance.
5. One-week repo auctions will be held via quantity auction method. Total amount of bids to be offered by each bank will be maximum 30% of the auction amount announced.
6. The daily repo auction amount will be set in such a way to enable materialization of the average of secondary market overnight rates around the one-week repo interest rate.
7. If needed, banks will be able to borrow at the CBRT lending rate applicable at the CBRT's Interbank Money Market, and the BIST's Repo-Reverse Repo and Interbank Repo-Reverse Repo Markets. Likewise, in case of excess liquidity, banks will be able to lend the Central Bank at the CBRT borrowing rate without any limit. In exchange for the TL-denominated lease certificates issued by the Undersecretariat of Treasury Asset Leasing Company (HMKVŞ), all participants will be able to use the overnight repo facility offered at the lending rate via the quotation method.
8. Banks' borrowing limits at the CBRT's Interbank Money Market will be equal to the limits applicable before 18 July 2016.
9. The CBRT overnight borrowing rate for LLW operations at the Interbank Money Market between 16.00–17.00 hours will be 0 percent, whereas the overnight lending rate for these operations will be determined by adding 150 basis points to the overnight lending rate



determined via the above-mentioned method. LLW rates will not be separately announced by the Monetary Policy Committee.

10. The Intraday Liquidity Limit practice will remain intact, and the intraday liquidity limit will be equal to banks' borrowing limits at the Interbank Money Market.
11. Other components of the operational framework of the monetary policy summarized above will remain the same as explained in the Monetary and Exchange Rate Policy for 2018.