

# Contents

Overview .....	1
I. International and Domestic Developments Affecting Financial Stability ..5	
I.1. International Developments .....	5
I.2 Domestic Developments .....	10
II. Non-Financial Sector and Financial Stability .....	15
II.1. Household Developments .....	15
II.2. Corporate Sector Developments .....	23
III. Risks Pertaining to the Financial System .....	29
III.1. Credit Risk .....	29
III.2. Liquidity Risk .....	34
III.3. Interest Rate Risk .....	39
III.4. Capital Adequacy, Profitability and Resilience to Shocks.....	43
IV. Special Topics .....	47
IV.1. Micro-Dynamics of Mortgage Credits in Turkey .....	47
IV.2. Determinants of Hedging in Turkey.....	55
IV.3. Firm Deposits Over The Business Cycles: The Case of An Emerging Economy .....	62
IV.4. Macroprudential Policies and Smoothing Business Cycles: Evidence from Firm-Level Data for Turkey.....	69
IV.5. Derivative Usage of Real Sector Firms in Turkey and Financial Risk Management .....	74
IV.6. Global Financial Reform Developments .....	85
IV.7. Financial Infrastructure .....	95
IV.8. Steps Taken Towards Financial Stability.....	106
List of Charts.....	113
Tables.....	119
Abbreviations .....	121

