

PRESS RELEASE

The interest rate on New Turkish Lira required reserves is decreased to 10,25 percent, by cutting 0,75 percentage points, to be effective from 24 May 2005.

With the aim of contributing to the efficient and effective functioning of banks by alleviating their financial intermediation costs, New Turkish Lira required reserves and FX required reserves have begun to be remunerated starting from 8.8.2001 and from 24.5.2002 respectively, in order to reduce the funding costs of required reserves maintained in the Central Bank without being remunerated.

The interest rate applied to New Turkish Lira required reserves was decreased recently to 11 percent with a cut of 0,75 percentage points to be effective from 11.04.2005 and it was announced that the interest rate applied to New Turkish Lira required reserves is held in the range between 75 to 80 percent of the simple weighted average interest rate for New Turkish Lira denominated deposits and determined in line with the changes in interest rates applied by banks on deposits.

The interest rate applied to New Turkish Lira required reserves has been set as 10,25 percent, with a cut of 0,75 percentage points, to be effective from 24 May 2005, by taking into consideration the declines in interest rates applied by banks for New Turkish Lira denominated deposits.

As before, the interest rate applicable to FX required reserves shall continue to be determined weekly, and shall be equivalent to the interest rate on 2-day notice FX deposits that the banks hold as free deposits with the Central Bank.