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**THE CBRT PRESS RELEASE ON FOREIGN EXCHANGE AND BANKNOTES
MARKETS – FOREIGN EXCHANGE DEPOSIT MARKET**

As it is known, the Central Bank of the Republic of Turkey has been taking various measures in order to ensure orderly liquidity flow in the financial system and efficient functioning of credit markets by stimulating increased foreign exchange liquidity flow in the interbank foreign exchange market. For this purpose, as of 21 November 2008, the maturity of FX deposits borrowed within the predetermined borrowing limits by banks from the Foreign Exchange Deposit Markets in terms of US Dollar and Euro was extended and the lending rate in the said market was reduced.

Meanwhile, considering recent developments with regard to interest rates in the international money markets, the Central Bank has decided to readjust the conditions for the foreign exchange liquidity facility provided to the banking system in line with the above-mentioned objective. Within this framework, as of today, the Central Bank has decided to;

- a) extend the maturity of the FX deposit borrowed within the predetermined borrowing limits by banks from the Foreign Exchange Deposit Markets in terms of US Dollar and Euro from one month to three months,
- b) accordingly, extend the maturity of matched interbank transactions in the said market from a maximum of one month to three months,
- c) reduce the lending rate for transactions which the Central Bank is a party from 7 percent to 5.5 percent for US Dollar and from 9 percent to 6.5 percent for Euro.

In the upcoming period, developments regarding the foreign exchange markets will be closely monitored and other measures previously announced by the Central Bank will be taken immediately when deemed necessary.