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PRESS RELEASE ON THE FACILITY OF MAINTAINING RESERVE REQUIREMENTS IN FOREIGN EXCHANGE

In order to narrow the cost differential of maintaining Turkish lira reserve requirements in Turkish lira or in FX, and to enable banks to fully benefit from the facility to meet their liquidity needs, the upper limit for FX reserves that might be held to maintain Turkish lira reserve requirements was gradually raised to 50 percent with the changes made on 29 May 2012 and 21 June 2012, where different coefficients were introduced.

This time, to serve the same purposes, the upper limit for FX reserves that might be held to maintain Turkish lira reserve requirements has been raised to 55 percent, and the reserve requirement to be maintained in FX for the additional 5 percent tranche has been decided to be multiplied by a factor of 1.9.

Banks use this facility widely and consistently – by 6 July 2012, the utilization rate across the sector was around 98.6 percent. Should the additional facility be used at the same level, the expected figures for the increase in the Central Bank FX reserves and the amount of permanent liquidity to be provided to the market are approximately USD 2.9 billion and TL 2.8 billion, respectively. The new regulation will be effective as of the calculation period dated 20 July 2012 and the maintenance period will begin on 3 August 2012.