

# MONETARY POLICY FOR 2025

December 25, 2024



# 1. Monetary Policy and Communication Strategy

1. The main contribution that central banks make to social welfare is by achieving price stability. Accordingly, the primary objective of the Central Bank of the Republic of Türkiye (CBRT) is to achieve and maintain price stability. All available instruments will continue to be decisively used in line with this objective. Financial stability will also be safeguarded as a supporting factor for price stability.
2. Under the inflation targeting regime, the inflation target set jointly with the Government, has been maintained at 5%. The uncertainty band, which is a component of the CBRT's accountability, has also been maintained at 2 percentage points in both directions around the inflation target, as in the previous years. The monetary policy will be conducted in a way to ensure the monetary and financial conditions to bring inflation to this target in the medium-term.
3. The indicators envisaged to guide economic agents on the future course of inflation are the inflation forecasts in the short term and the inflation target in the medium term. The forecasts announced via Inflation Reports will be used as interim targets to serve as a reference for inflation expectations.
4. Throughout the year, comprehensive evaluations of inflation developments will be shared with the public via Inflation Reports. In case the year-end inflation rate falls outside the uncertainty band, the CBRT will submit an "Open Letter" to the Government pursuant to the accountability principle.
5. The one-week repo auction rate will remain the main policy instrument of the CBRT.
6. The monetary policy stance is determined in a way to ensure the continuation of the disinflation process by keeping inflation in line with the targeted path. The CBRT initiated a strong monetary tightening process in order to establish the disinflation course as soon as possible, to anchor inflation expectations, and to control the deterioration in pricing behavior. Accordingly, the policy rate was raised from 8.5% to 50% in March 2024.<sup>1</sup> The Bank also decided to adjust the monetary policy operational framework by setting the Central Bank overnight borrowing and lending rates 300 basis points below and above the one-week repo auction rate, respectively in March. The CBRT has maintained the tight monetary stance since March 2024 and kept the policy rate unchanged at 50%. In 2024, the CBRT continued to implement macroprudential policies to enhance the effectiveness of monetary transmission against divergence in expectations of economic agents and potential volatilities.
7. The level of monetary tightness required for sustained price stability will be maintained as long as needed to attain the inflation path projected in the Inflation Reports and to achieve the 5% inflation target in the medium term.
8. In case of unanticipated developments in credit and deposit markets, the monetary transmission mechanism will be supported via additional macroprudential measures. Liquidity conditions are assessed with respect to prospective developments and closely monitored. The CBRT will continue to implement sterilization tools effectively.<sup>2</sup>
9. Monetary policy decisions will be made by taking into account a detailed analysis of prices, inflation expectations and pricing behavior, demand factors that monetary policy can affect, supply-side developments, domestic and external balance, financial conditions including the

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<sup>1</sup> Policy rate decisions in 2024 are given in Annex 1 – Table 1.

<sup>2</sup> Decisions on simplification of the macroprudential framework, deposits, liquidity management and credits in 2024 are given in Annex 1 – Tables 2, 3, 4 and 5.

saving tendency and loans, developments in other factors affecting liquidity and price stability as well as the lagged effects of the decisions.

10. The period covering three working days prior to the Monetary Policy Committee (MPC) meeting is called the “silent period” and no external communication on monetary policy is carried out in this period. During this period, the departments responsible for providing technical input for the decision-making process make detailed analyses and evaluations to the MPC.
11. In 2025, the MPC will hold 8 meetings on a preannounced timetable.<sup>3</sup> The monetary policy decision and its brief rationale, together with its English translation, will be announced on the CBRT website at 2 p.m. immediately after the meeting. The summary of the meeting that contains the MPC’s detailed assessments will be released on the CBRT website within five working days following the meeting.
12. The CBRT will continue monetary policy communication and data sharing in line with the principles of transparency, accountability and predictability.
13. The main communication tools of the monetary policy are the MPC announcements and the Inflation Report. The Inflation Report will be published four times a year. The Inflation Reports will continue to be presented at briefings for the effective communication of monetary policy practices.
14. The Governor will continue to make presentations on the CBRT’s activities, monetary policy practices, and conjunctural developments at the Plan and Budget Commission of the Grand National Assembly of Türkiye.
15. The speeches and presentations to be delivered on other platforms by the Governor and the Deputy Governors will remain as an important part of the communication policy.
16. The Financial Stability Report, another major communication tool of the CBRT, will continue to be published twice a year.
17. The Monthly Price Developments report will continue to be used as a communication tool to contribute to sounder interpretation of monthly price developments in the period between the release of official price statistics and the MPC meeting.
18. Moreover, announcements on the monetary policy, macroprudential framework, and Turkish lira and foreign exchange (FX) liquidity management are important components of communication.
19. The CBRT will continue its communication with the press, investors, academia, and the general public. Accordingly, the CBRT will continue holding technical meetings with investors, analysts and economists. The CBRT will give briefings on the policy framework and macroeconomic outlook to engage with representatives of the real and financial sectors, domestic and international institutions, and all stakeholders of the CBRT’s policies. The CBRT will continue to communicate effectively with international institutions and platforms as well as with international stakeholders such as other central banks.
20. The CBRT working papers, research notes in economics, blog posts and the content published in “Economics for All” microsite as well as presentations delivered on various occasions regarding the CBRT’s activities and monetary policy practices, seminars, and other events will also play an important role in informing the public.
21. In addition to and in support of its other communication channels, the CBRT will continue to use its social media accounts as effective communication channels. These accounts are used

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<sup>3</sup> The 2025 schedule for meetings and reports is given in Annex 2.

to announce the CBRT's policy decisions and their rationales, practices, publications and corporate news. In this context, the CBRT will share various content summarizing the CBRT announcements, reports, and monetary policy instruments via the social media. Moreover, social media posts will be used to inform different target audiences about economic analyses, statistics, concepts and events organised by the CBRT.

22. The CBRT will continue to work in strong coordination with all relevant stakeholders to enhance the effectiveness of the monetary policy. The CBRT will continue to share with the public and relevant institutions its structural and early warning analyses and findings regarding the causes of inflation beyond the control of monetary policy.
23. "The Central Bank of the Republic of Türkiye Research Agenda for 2025-2027" formulated to shape policy decisions in light of scientifically sound analyses and to contribute to sustainable price stability has been shared with the public. The CBRT's activities to support academic studies will be utilized in the most effective way to enhance policy design processes.
24. In line with this research agenda, research studies will be carried out both on a national and global scale. Researchers will be invited and joint studies, workshops and academic conferences will be organized.

## 2. Macroprudential Policy Framework

25. In 2024, the CBRT continued to simplify the macroprudential policy framework to enhance the functionality of market mechanisms, strengthen macro-financial stability and support monetary transmission mechanism. The most prominent simplification was the termination of all regulations involving securities maintenance requirement.<sup>4</sup>
26. The simplification process will continue in 2025 based on evaluations regarding the effects of the current macroprudential framework on inflation, interest rates, exchange rates, reserves, expectations, and financial conditions.
27. Termination of the securities maintenance requirement strengthened the link between the Treasury bond yield curve and the monetary policy stance.
28. The increase in the rate of Turkish lira deposits within total deposits and the target for KKM accounts' transition to Turkish lira deposit accounts reinforced the monetary policy stance.<sup>5</sup> On the back of these measures that enhance the effectiveness of monetary transmission mechanism, KKM balance fell to USD 34.2 billion as of December 20, 2024. The share of Turkish lira deposits within total deposits rose to 58.6%, and the share of KKM within total deposits fell to 6.2% as of December 20, 2024.
29. As the disinflation process become more evident in 2025, demand for Turkish lira assets will continue. In view of the rise in the ratio of TL deposits and the fall in KKM accounts, the CBRT will continue to simplify the macroprudential framework and terminate the KKM scheme in 2025.

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<sup>4</sup> A summary of the simplification steps is given in Annex 1 – Table 2.

<sup>5</sup> Decisions on TL deposits are given in Annex 1 – Table 3.

30. Policies for loan growth were implemented in 2024 to strengthen the monetary policy transmission mechanism and rebalance domestic demand.
31. In order to enhance the effectiveness of loan growth limits, a reserve requirement practice based on loan growth was introduced.<sup>6</sup> At the same time, the monthly growth limit was reduced from 2.5%, to 2% for TL commercial loans<sup>7</sup> and from 3% to 2% for general purpose loans<sup>8</sup>.
32. Moreover, with the aim of ensuring a level of loan growth consistent with the disinflation path and maintaining the share of Turkish lira loans, a monthly growth limit of 2% was introduced for FX loans, and this limit was later reduced to 1.5%.<sup>9</sup>
33. To limit the borrowing behavior and contribute to the moderation in domestic demand, the maximum interest rates for personal credit cards were differentiated based on the amount of term debt. Additionally, the maximum interest rate applicable to credit card cash withdrawals and overdraft accounts were differentiated and set at a higher level.
34. The policy framework will be maintained to ensure that loan growth and composition to be supportive of the disinflation process and macroeconomic balances. The limits for credit growth and exceptions to be provided will continue to be revised within the year.

### 3. Turkish Lira and Foreign Exchange Liquidity Management

35. While the funding need of the system (FNS) was TRY 1,012 billion, indicating liquidity shortage, at the beginning of 2024, the excess liquidity, which became permanent since September, reached to TRY 622 billion on December 20, 2024. This excess liquidity was sterilized through net open market operations (OMO), of which TRY 378 billion, and sell-side TL currency/gold swap auctions (reverse swap), of which TRY 244 billion.
36. In 2024, the TRY 1,634 billion decline in the FNS was primarily driven by the improvement in the CBRT's net foreign exchange (FX) position. On the other hand, the change in the volume of banknotes in circulation, reserve requirement regulations, and the change in the amount of net domestic borrowing of the Ministry of Treasury and Finance (the Treasury) were the factors that increased the funding need of the system.
37. Excess liquidity was sterilized using a diverse set of tools in 2024 to enhance the effectiveness of the monetary transmission mechanism. Accordingly,
  - Excess liquidity was permanently sterilized through reserve requirement measures.
  - In the first half of the year, the excess liquidity was sterilized through Turkish lira (TL) deposit buying auctions and quotation at the BIST Repo/Reverse Repo Market, the BIST Committed Transactions Market (CTM), and the CBRT's Interbank Money Market (IMM).

<sup>6</sup> Decisions on loans are given in Annex 1 – Table 5.

<sup>7</sup> Excluding export, agricultural and tradesmen loans as well as those extended to public institutions and organizations, the earthquake zone and the defense industry.

<sup>8</sup> Excluding overdraft accounts.

<sup>9</sup> Excluding investment loans and those extended to domestic banks, public institutions and organizations, the earthquake zone and the defense industry.

- In the second half of the year, a diversified set of tools was gradually put into use, and the CBRT started to conduct TL deposit buying auctions at different maturities between 1.45 p.m. and 2.15 p.m., in addition to TL deposit buying auctions conducted between 11.00 a.m. and 11.30 a.m. Besides, the excess liquidity was sterilized through sell-side TL currency/gold swap auctions and at the Takasbank Money Market (TMM).<sup>10</sup>
- 38.** The diversified liquidity toolset helped to support the effectiveness of sterilization operations. Accordingly, short-term interest rates in the money markets became more aligned with the CBRT's policy rate, and interest rate volatilities decreased significantly.
  - 39.** In pursuit of its primary objective of price stability, the CBRT will continue to use all liquidity management tools effectively to reinforce the monetary transmission mechanism and support the monetary policy stance. In this context, the level of liquidity and the distribution of liquidity within the system will be taken into account in the liquidity management.
  - 40.** The main policy instrument of the CBRT is the one-week repo auction rate (the policy rate). Accordingly, the goals of the TL liquidity management are:
    - To ensure that the overnight market interest rates materialize around the policy rate,
    - To ensure efficient and stable functioning of money markets in accordance with the liquidity management strategy,
    - To ensure that the tools used bolster the effectiveness of the monetary policy,
    - To ensure uninterrupted functioning of payment systems.
  - 41.** To enable a balanced distribution of liquidity across the days of the week, more than one repo auction may be conducted with maturities varying between 5 and 12 days, when deemed necessary. If an unanticipated liquidity shortage emerges, intraday repo auctions with one-week maturity via the quantity method may be held between 1.00 p.m. and 4.00 p.m.
  - 42.** As part of the simplification steps, haircuts on collateral applicable to the Open Market, Interbank Money Market and Foreign Exchange Market operations at the CBRT were revised. Accordingly, the haircut for the CPI-indexed GDDS and lease certificates was reduced from 80% to 30%. Collateral haircuts will be revised whenever needed.
  - 43.** In order to maintain instrument diversity and operational flexibility in liquidity management, the CBRT is required to hold a sufficient amount of GDDS and TL-denominated lease certificates issued by the Asset Leasing Company of the Ministry of Treasury and Finance (HMKVŞ) in its OMO portfolio for technical reasons. In accordance with the Monetary Policy for 2024, nominal TRY 28.2 billion of the total OMO portfolio, which was nominal TRY 193.5 billion at the end of 2023, was redeemed. On the other hand, nominal TRY 9 billion of lease certificates were added to the portfolio through the auctions in 2024. The size of the OMO portfolio was nominal TRY 174.3 billion as of December 20, 2024, composed of lease certificates of nominal TRY 9.2 billion and GDDS of nominal TRY 165.1 billion.
  - 44.** The CBRT aims to maintain the current levels of the OMO portfolio size in 2025. Accordingly, outright purchase operations will be conducted, primarily targeting to replace the redemption amount of nominal TL 36.5 billion in the next year. In this framework,
    - Outright purchases will be conducted within a balanced and predictable framework in consideration of the OMO portfolio redemption schedule and liquidity conditions in the market,

<sup>10</sup> Sterilization tools and the liquidity management decisions are presented in Annex 1 – Table 4.

- TL-denominated lease certificate purchases will be prioritized taking into account the structure of the OMO portfolio,
  - The securities to be purchased will be announced through data vendors at 10.00 a.m. on the first business day of the respective month,
  - Purchase auction days will be determined in consideration of market conditions, with settlement date of the next business day,
  - Each purchasing auction amount will be determined in view of market conditions,
  - Other issues related to the auctions will be subject to the existing regulations, yet revisions may be made regarding the auction amount, security type, and auction method if deemed necessary.
- 45.** To contribute to banks' TL and FX liquidity management, the CBRT continued to conduct buy-side swap auctions (where the CBRT buys currency/gold at the settlement date) via the traditional method as well as buy-side swap market transactions via the quotation method in the first half of 2024. On the other hand, during the process of gradually reducing the CBRT's swap transaction amount as stated in the Monetary Policy for 2024, buy-side TL currency/gold swap auctions ceased starting from April. Similarly, limits for swap transactions via the quotation method were reduced gradually, and Gold TL Swap Market transactions were terminated in June while Gold FX Swap Market and TL Currency Swap Market transactions were terminated in July. Accordingly, the outstanding amount of buy-side swaps, which increased to USD 58.5 billion in March from USD 47.7 billion in early 2024, was reduced to zero by the end of July.
- 46.** Upon the accumulation of excess liquidity in the system, the CBRT started to conduct sell-side TL currency swap auctions (where the CBRT sells foreign currency at the settlement date) via the traditional method in August, and sell-side TL gold swap auctions (where the CBRT sells gold at the settlement date) in October, with a view to diversifying the sterilization toolset. As of December 20, 2024, the outstanding amount of sell-side TL currency swap auctions was USD 6.3 billion and the outstanding amount of sell-side TL gold swap auctions was 8.3 tons.
- 47.** TL-settled FX forward selling transactions were carried out at the CBRT in March 2024, but no new transactions were conducted afterwards and thus, the CBRT's total short position amount was reduced to zero in June.
- 48.** To stabilize FX liquidity, the liquidity need in the FX market that may arise at maturity dates of KKM accounts continued to be met via the CBRT's outright FX sales to banks in exchange for TL in 2024.
- 49.** The floating exchange rate regime will continue in 2025, and exchange rates will be determined under free market conditions according to supply and demand balance. The CBRT has no commitment to any exchange rate level and will not conduct FX buying or selling transactions to determine the level or direction of exchange rates. To ensure efficient functioning of the FX market and promote healthy price formation, the CBRT will continue to closely monitor exchange rate developments and related risk factors as well as to take the necessary measures and employ suitable instruments.
- 50.** In 2025, the CBRT will continue domestic gold ore purchases against TL with a view to accumulating reserves. In addition, the CBRT may conduct location swap transactions with banks depending on market conditions.
- 51.** Foreign banknotes against foreign exchange transactions between the CBRT and the banks entitled to operate in FX markets will continue.

52. The CBRT will continue to provide banks with FX liquidity at one-week and one-month maturities at the CBRT FX Deposit Market, with a limit of approximately USD 50 billion in total.
53. Banks will be allowed to pledge collateral FX deposits and gold deposits with the CBRT at varying maturities within their limits.
54. Strengthening international reserves is essential for effective monetary policy and financial stability. Owing to monetary tightening and the steps taken to simplify the macroprudential framework, international reserves recorded a strong upward trend, and gross reserves reached USD 163.5 billion as of December 13, 2024. Meanwhile, net reserves excluding swaps rose by USD 87.2 billion to USD 50.1 billion over the period from the beginning of the year to December 13, 2024. In this respect, as long as market conditions allow, the CBRT will maintain its reserve build-up strategy and ensure continuation of the stable uptrend in international reserves in 2025.
55. To reduce external liabilities as part of its reserve management, the CBRT reviews international deposit purchase transactions and the currency swap agreements with other central banks. With the declines in these items, an improvement corresponding to USD 10.6 billion was achieved in external liabilities in 2024. Efforts to improve the composition of reserves while strengthening international reserves will continue in 2025.

#### **4. CBRT's Credit Programs**

56. Turkish lira-denominated rediscount credits extended to exporters and the companies engaged in FX-earning services and activities amounted to TRY 563.8 billion as of December 20, 2024. Over the same period, foreign exchange sales to the CBRT made pursuant to rediscount credit commitments contributed approximately USD 16.8 billion to the CBRT's FX reserves.
57. To support efficient utilization of rediscount credits for export and FX-earning services, the requirement of being a net exporter to use rediscount credits was replaced by the exporter scoring practice, to be effective from January 13, 2025.<sup>11</sup>
58. In 2024, credits started to be allocated and used under the new implementation of advance loans against investment commitment (ALAIK).
59. Rediscount credit utilization, arising from currency swap agreements to support trade in local currencies, continued at an increased rate in 2024.

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<sup>11</sup> Decisions regarding the CBRT's credit programs are presented in Annex 1 – Table 6.



## Annex 1: Monetary Policy Decisions Made in 2024

| <b>Table 1. Policy Rate Decisions</b>   | <b>Date</b>        |
|---|--------------------|
| The one-week repo auction rate, which is the policy rate, was raised from 42.5% to 45%. | January 25, 2024   |
| The one-week repo auction rate, which is the policy rate, was kept constant at 45%.     | February 22, 2024  |
| The one-week repo auction rate, which is the policy rate, was raised from 45% to 50%.   | March 21, 2024     |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | April 25, 2024     |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | May 23, 2024       |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | June 27, 2024      |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | July 23, 2024      |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | August 20, 2024    |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | September 19, 2024 |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | October 17, 2024   |
| The one-week repo auction rate, which is the policy rate, was kept constant at 50%.     | November 21, 2024  |

| <b>Table 2. Decisions to Simplify the Macprudential Framework</b>   | <b>Date</b>    |
|---|----------------|
| The securities maintenance ratio applied to FX liabilities was reduced and the implementation regarding securities maintenance based on loan growth was terminated    | April 2024     |
| The securities maintenance practice was terminated.   | May 2024       |
| The additional reserve requirement maintenance implementation based on the leverage ratio was terminated.   | June 2024      |
| It was decided that the remuneration of required reserves that should be maintained for TRY deposits would no longer be conditional on the rate of transition to TRY. | September 2024 |
| The TRY deposit share target for legal persons was abolished.   | November 2024  |
| The haircut for CPI-indexed securities was decreased from 80% to 30%.   | December 2024  |

| <b>Table 3. Decisions Regarding Deposits</b>   | <b>Date</b>   |
|--|---------------|
| The minimum interest rate to be applied to FX-protected deposits (KKM) was lowered from 85% to 80% of the policy rate.   | January 2024  |
| Remuneration for required reserves was introduced based on the rate of transition to Turkish lira regarding transition from KKM accounts to Turkish lira time deposits and renewals, as well as target rates for renewal and transition to Turkish Lira. | February 2024 |

|  |                |
|--|----------------|
| A monthly growth target for Turkish lira share was introduced for legal persons, the commission rate based on monthly Turkish lira share growth target for real persons was increased.   | March 2024     |
| The upper limit of the remuneration rate applied to the amount of required reserves maintained for KKM accounts was set at 60% of the policy rate, the upper limit of the remuneration rate applied to the amount of required reserves maintained for Turkish lira deposits was set at 80% of the policy rate.   | April 2024     |
| The target rate for renewal and transition to Turkish lira was reduced to 75%, legal persons' KKM accounts as well as legal and real persons' YUVAM accounts were excluded from calculation of the target, the upper limit of the remuneration rate applied to required reserves maintained for KKM accounts was reduced from 60% to 40% of the policy rate. | May 2024       |
| The lower limit of the interest rate applied to KKM accounts was reduced from 80% to 70% of the policy rate.   | July 2024      |
| The growth targets for real persons' TRY deposit share have been revised, legal persons' KKM accounts were included in the calculation of the KKM accounts' transition to TRY and renewals, the upper limit for the remuneration of required reserves maintained for TRY deposits was increased from 80% to 84% of the policy rate.                          | August 2024    |
| It was decided that the remuneration of required reserves maintained for TRY deposits would no longer be conditional on the transition-to-TRY rate, and the maximum commission rate applied based on the level of transition-to-TRY rate was increased.  | September 2024 |
| The growth target for TRY deposit share for legal persons was abolished, the target for KKM accounts' transition to TRY and renewals was reduced to 70%.   | November 2024  |
| The target for KKM accounts' transition to TRY and renewals was reduced to 60%, the minimum interest rate applicable to KKM accounts was reduced from 70% to 50% of the policy rate, remuneration of required reserves maintained for KKM accounts was terminated for new KKM accounts or for those to be renewed.   | December 2024  |

#### Table 4. Decisions Regarding Liquidity Management

#### Date

|  |                           |
|--|---------------------------|
| The reserve requirement ratios for short-term KKM were lowered, the additional reserve requirement ratios for Turkish lira reserve requirements maintained for FX deposits were increased.   | January 2024              |
| The total amount of outstanding swap transactions carried out via the quotation method at the buy-side TL- Currency Swap Market was decreased from 30% to 3% of transaction limits at the FX Markets.  | January 2024              |
| The total amount of outstanding swap transactions carried out via the quotation method at the buy-side TL- Gold Swap Market was decreased from 169 tons to 101 tons.   | January 2024              |
| A new implementation was introduced regarding keeping a portion of the average required reserves to be established for Turkish lira liabilities that will be determined based on the asset size of the institutions as blocked accounts, and the maintenance ratio for blocked accounts was increased. | March 2024<br>August 2024 |
| TL- Currency/Gold Swap Market auctions conducted via the traditional method were terminated.   | April 2024                |
| Reserve requirement ratios for KKM and TRY deposit accounts were increased.  | May 2024                  |
| The total amount of outstanding swap transactions carried out via the quotation method at the buy-side TL- Gold Swap Market was decreased to 20 tons.  | May 2024                  |

|  |                |
|--|----------------|
| The buy-side TL- Gold Swap Market transactions conducted via the quotation method were terminated.   | June 2024      |
| The total amount of outstanding swap transactions carried out via the quotation method at the buy-side TL- Currency Swap Market was decreased to 0.5% of the transaction limits at the FX Markets. | June 2024      |
| The buy-side TL- Currency Swap Market transactions conducted via the quotation method were terminated.   | July 2024      |
| The buy-side FX-Gold Swap Market transactions conducted via the quotation method were terminated.  | July 2024      |
| The CBRT started to conduct TL deposit buying auctions with different maturities throughout the day.   | July 2024      |
| Deposit buying transactions via the quotation method started at the Takasbank (Istanbul Settlement and Custody Bank Incorporation).  | August 2024    |
| Buy-side TL- Currency Swap Auctions via the traditional method were launched.  | August 2024    |
| The ratio of additional reserve requirements maintained for FX deposit accounts were decreased, while reserve requirement ratios for TRY deposit accounts were increased.                          | September 2024 |
| Sell-side TL- Gold Swap Auctions via the traditional method were launched.   | October 2024   |
| The ratio of additional reserve requirements maintained for FX deposit accounts were decreased, while reserve requirement ratios for short-term TRY deposit accounts were increased.               | November 2024  |

**Table 5. Decisions Regarding Loans****Date**

|  |                |
|--|----------------|
| Regarding securities maintenance implementation, the loan growth limit was reduced from 2.5% to 2% for TRY commercial loans; from 3% to 2% for general purpose loans; and kept unchanged at 2% for vehicle loans.                      | March 2024     |
| The loan growth-based reserve requirement practice was introduced, and a 2% growth limit was introduced for each of TRY commercial loans, general-purpose loans and vehicle loans.   | March 2024     |
| Maximum interest rates to be applied to Turkish lira cash withdrawals and utilizations from credit cards as well as to overdraft accounts were increased.  | March 2024     |
| Maximum interest rates to be applied to Turkish lira transactions (excluding cash withdrawals and utilizations) were increased.  | April 2024     |
| The securities maintenance practice based on loan growth was terminated.   | April 2024     |
| Regarding the reserve requirement practice based on loan growth, a monthly growth limit of 2% was introduced for FX loans.   | May 2024       |
| The calculation method for early loan repayment fee for commercial loans was changed.  | June 2024      |
| The loan growth limit for FX loans was decreased from 2% to 1.5%, and investment loans that are extended in the scope of the funding provided by international development finance institutions were exempted from loan growth limits. | July 2024      |
| Maximum interest rates to be applied to personal credit card transactions were differentiated based on term debt balance, and maximum interest rates to be applied to corporate credit card transactions were increased.               | September 2024 |
| The maximum interest rate to be applied to loans that are restructured as per the BRSA's decision regarding restructuring of personal credit card debts, was limited to the reference rate.  | September 2024 |

| <b>Table 6. CBRT's Credit Programs</b>   | <b>Date</b>    |
|--|----------------|
| Following the reduction of the minimum rate of export proceeds to be sold to the CBRT from 40% to 30%, the minimum rate of FX selling obligation for rediscount credits for export and FX-earning services was revised as 30%. | July 2024      |
| Additional exemptions were introduced for commitments made not to buy FX while using rediscount credits for exports and FX- earning services.  | September 2024 |
| The daily limit for rediscount credits for export and FX earning services was raised from TRY 3 billion to TRY 4 billion.  | October 2024   |
| The requirement to be a net exporter for rediscount credits for export and FX earning services was cancelled and replaced with the introduction of an exporter score scheme (to be effective as of 13 January 2025)            | October 2024   |
| It was decided that changes in the policy rate would be reflected in the interest rate and interest rate deduction criteria to be applied to advance loans against investment commitments.                                     | November 2024  |

**Annex 2: Schedule for MPC Meetings and Reports in 2025**

| <b>MPC Meetings</b> | <b>Summary of the MPC Meeting</b> | <b>Inflation Report</b> | <b>Financial Stability Report</b> |
|---------------------|-----------------------------------|-------------------------|-----------------------------------|
| January 23, 2025    | January 30, 2025                  | February 7, 2025        |                                   |
| March 6, 2025       | March 13, 2025                    |                         |                                   |
| April 17, 2025      | April 25, 2025                    | May 22, 2025            | May 30, 2025                      |
| June 19, 2025       | June 26, 2025                     |                         |                                   |
| July 24, 2025       | July 31, 2025                     | August 14, 2025         |                                   |
| September 11, 2025  | September 18, 2025                |                         |                                   |
| October 23, 2025    | October 31, 2025                  | November 7, 2025        | November 28, 2025                 |
| December 11, 2025   | December 18, 2025                 |                         |                                   |
| January 22, 2026    | January 29, 2026                  | February 12, 2026       |                                   |
| March 12, 2026      | March 18, 2026                    |                         |                                   |

Note: Monetary Policy for 2026 will be published in December 2025.

### Annex 3: Monetary and Liquidity Policy Instruments

| Transaction                        | Objective  | Instrument  | Maturity            | Frequency   |
|------------------------------------|--|---|---------------------|-------------|
| Main policy instrument             | Ensuring that the overnight market rates materialize around the policy rate  | One-week repo auctions  | One-week, 5-12 days | Daily       |
| Standing Facilities                | Ensuring that the possible volatility level of money market interest rates remain within the interest rate corridor set by the CBRT  | TL deposit borrowing/lending at the CBRT's Interbank Money Market | Overnight           | Daily       |
|                                    |  | Primary dealer repo facility                                      | Overnight           | Daily       |
|                                    |  | Repo quotations against lease certificates                        | Overnight           | Daily       |
|                                    |  | TMM deposit transactions  | Overnight           | Daily       |
| Lender of last resort transactions | As the lender of last resort, the CBRT tries to avoid temporary liquidity shortages that may cause interruptions in the payment system and technical payment problems that may obstruct the effective functioning of financial markets | Late liquidity window deposit lending/borrowing                   | Overnight           | Daily       |
|                                    |  | Late liquidity window repo transactions                           | Overnight           | Daily       |
|                                    |  | Intraday limit transactions                                       | Intraday            | Daily       |
| Non-Routine instruments            | Avoiding excessive interest rate volatility  | Intraday repo auctions  | Weekly              | When needed |
|                                    | Ensuring that secondary market overnight rates materialize around the policy rate  | TL deposit buying auctions  | Up to 91 days       | When needed |
|                                    |  | Liquidity bill issuances  | Up to 91 days       | When needed |

## Annex 4: FX Market Instruments and Key Features

|  | Participants                            | Minimum amount    | Collateral ratio (%) | Settlement         | Maturity  | Method    |
|--|---|-------------------|----------------------|--------------------|---|-----------|
| <b>TL Currency Swaps</b>                                   | Member banks                            | USD 1 million     | 10%                  | At maturity        | One-week  | Quotation |
| <b>TL Currency Swap Auctions</b>                           | Member banks                            | USD 1 million     | 10%                  | At maturity        | One-week, two-week, one-month, two-month, three-month | Auction   |
| <b>TL Gold Swaps</b>                                       | Member banks                            | 1 kg              | 10%                  | At maturity        | One-week  | Quotation |
| <b>TL Gold Swap Auctions</b>                               | Member banks                            | 1 kg              | 10%                  | At maturity        | One-week, three-month                                 | Auction   |
| <b>FX Gold Swaps</b>                                       | Member banks                            | 1 kg              | 10%                  | At maturity        | One-week  | Quotation |
| <b>BIST Swap Market Transactions</b>                       | Banks authorized by the BIST Regulation | USD/EUR 1 million | Set by the BIST.     | At maturity        | Maximum 180 days                                      | Quotation |
| <b>TL-Settled FX Forward Transactions</b>                  | Member banks                            | USD 1 million     | 2.5%                 | At maturity        | Maximum one year                                      | Quotation |
| <b>TL-Settled FX Forward Auctions</b>                      | Member banks                            | USD 100,000       | 2.5%                 | At maturity        | One-month, three-month                                | Auction   |
| <b>TL-Settled FX Forward Transactions at the BIST VIOP</b> | All VIOP members                        | USD/EUR 1,000     | Set by the VIOP.     | Daily              | Set by the VIOP.                                      | Quotation |
| <b>BIST Precious Metals Market Transactions</b>            | Banks authorized by the BIST Regulation | 1 kg              | Set by the PMDM.     | At maturity        | Maximum 120 days                                      | Quotation |
| <b>Location Swap Transactions</b>                          | Member banks                            | 1 kg              | 100%                 | At settlement date | -   | -         |
| <b>FX Deposit Market Transactions</b>                      | Member banks                            | USD/EUR 1 million | 100%                 | At maturity        | One-week, one-month                                   | Quotation |