



CENTRAL BANK OF THE REPUBLIC OF TURKEY



Financial Stability Report

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CENTRAL BANK OF THE REPUBLIC OF TURKEY

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This report, which aims to inform the public, is based mainly on December 2007 data. However, the report also includes the developments and evaluations until the publishing date of the report in Turkish. This text is fully available at the CBRT web site. The CBRT cannot be held accountable for decisions taken based on the information and data provided in this report.

FOREWORD

The current period, in which we published the sixth issue of the Financial Stability Report, has witnessed prevailing effects of the financial turbulence that started in the second half of 2007. In this challenging period, when cornerstones of the financial architecture are questioned, the provision and maintenance of financial stability have become priority targets of central banks and the coordination and cooperation among authorities have again been proven to be essential.

Although the threats in global economic conjuncture still exist, it is comforting that the impacts of turbulence on Turkey have so far remained limited. The close cooperation among our financial authorities, the existence of prudent regulations, the high risk awareness of the banking sector as well as the coherent and decisive implementation of monetary and fiscal policies have played significant role in this development.

However, in this environment of uncertainty, achieving the inflation target is more likely to take longer than expected and risks arising from the current account deficit maintain their importance.

In this framework, putting structural reforms into practice promptly and implementing effective risk management without concessions are significant in terms of safeguarding our economy against the adverse effects of global turmoil.

I hope that the assessments presented in this report will be beneficial.



Durmuş YILMAZ
Governor
Central Bank of the Republic of Turkey

